ANNUAL REPORT 2017

GNPC

Empowering Dreams

Contents

CHAIRMAN'S STATEMENT

Hon. Freddie Blay

2017 has been a year of strong progress for GNPC under the strategic direction of its new management. Indeed, our operations yielded positive dividends to the State, the Corporation and the good people of Ghana. We should all be very proud of the many accomplishments we chalked in the year.

The year saw very encouraging corporate achievements. GNPC welcomed a super-major, ExxonMobil upstream, and reached a gas sales and purchase agreement with Russian gas giant, Gazprom downstream. Our revitalised global alliance strategy was well-executed.

The Corporation continues to champion the sharing of prosperity from the broad benefits of petroleum exploitation with Ghanaians, as we sought to improve our social performance. Sustainability has now become a core part of our strategic business initiatives.

As we forge ahead to deliver value to our stakeholders in collaboration with effective partnerships, I can assure you that good corporate governance will continue to be the hallmark of our operations.

We improved our performance and grew our earnings this year, up from our performance the previous year. I am confident we can sustain our revenues in the coming years, buoyed by relatively strong oil price forecasts over the medium-term as we grow our business and diversify our investments.

The Board and Management team will continue to focus on proper execution of GNPC's projects. Our people remain our greatest assets and GNPC is investing heavily to drive the Voltaian Basin Project, developing essential standby project management proficiencies as part of a deliberate institutional capacity development plan.

Our refocused Accelerated Growth Strategy is expected to capture the desired corporate results as we work to manage growth and diversification of high-value petroleum assets. GNPC is also investing in top technology and facilities to capitalise on gains from cutting-edge innovation.

Gas has become big business today, essential to Ghana's industrialisation agenda. Downstream, GNPC is enabling the optimal disposal of its natural gas resources to supply power to end-users.

We are on course to achieve our preferred operatorship status in the foreseeable future. Let us therefore join hands, consolidate ideas and continue to work hard to build a stronger GNPC.

I would like to thank our key stakeholders including Parliament, the Ministry of Energy, the Ministry of Finance, the State Enterprises Commission, the Petroleum Commission, GNPC Management and staff, our frontline communities and the people of Ghana for their continued commitment to the success of the Corporation.

CHIEF EXECUTIVE'S STATEMENT

Dr. Kofi Koduah Sarpong

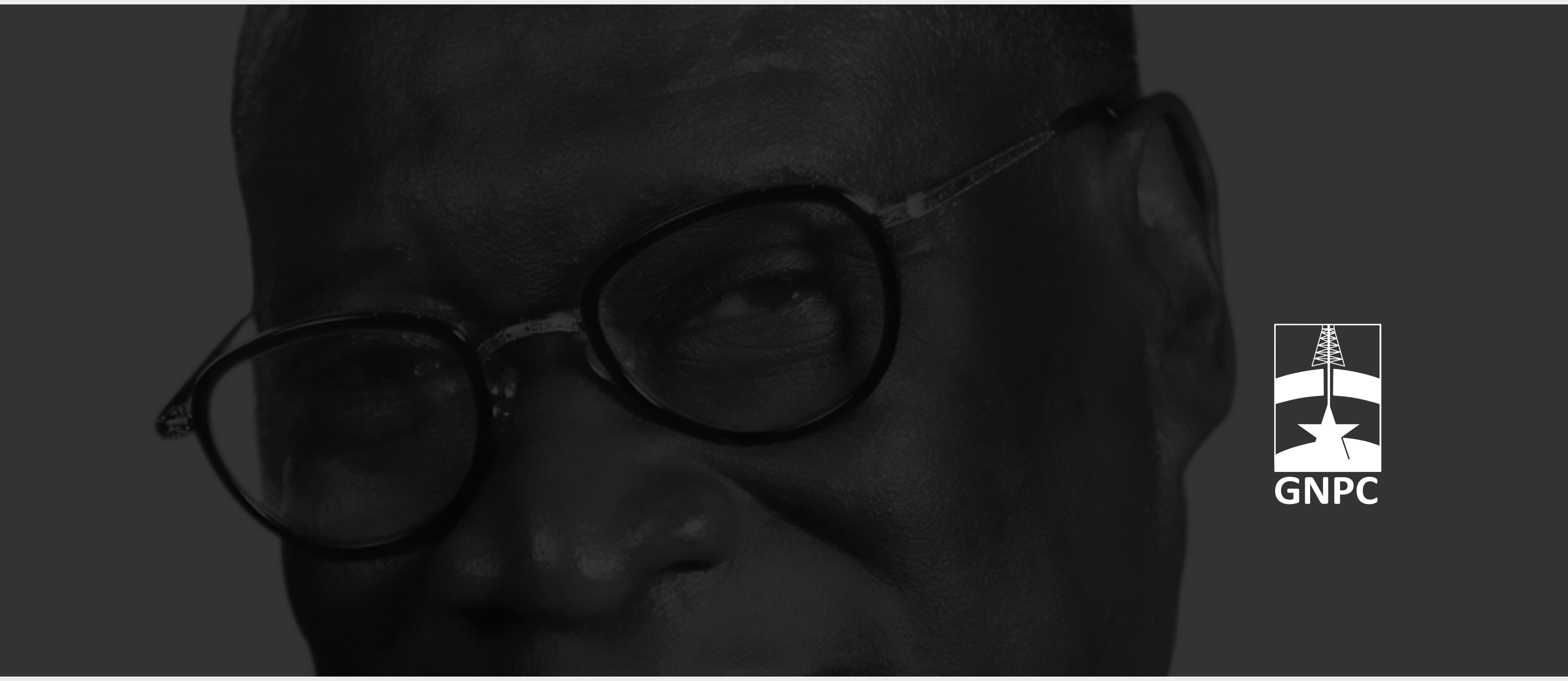
My priority, as Chief Executive, is to make sure that GNPC grows stronger as a business.

This year, our collective hard work resulted in several deserved successes. We delivered first oil from the Sankofa field in May and signed a Memorandum of Understanding with ExxonMobil for upstream exploration rights. West Coast Gas Ghana Limited was contracted to manage Ghana's gas nominations system and optimise our gas supply agreements with various off-takers. GNPC also concluded an associated gas sales agreement with its TEN partners.

Indeed, we made significant, technical and legal contributions which led to the submission of and approval of the Greater Jubilee Field Plan of Development. Above all, GNPC's major efforts helped Ghana to secure a big win when the International Tribunal of the Law of the Sea (ITLOS) ruled in Ghana's favour in the maritime border dispute.

2017 marked a year of change in Ghana, following successful national elections the previous year. This called for a repositioning of the company to thrive amidst new political and economic realities. I believe that we incorporated the right initiatives into our growth-led strategy to enhance financial flexibility, operational excellence and shared prosperity. To this end, GNPC introduced a new CSR model which focused on Education & Training, Economic Empowerment and Environment and Social Amenities with the aim of making GNPC more visible and socially responsible within the communities it operates.

World-class operating capability is critical to sustaining competitive advantages in our oil industry. This is why we are leveraging the on-shore Voltaian Basin Project (VBP) to attain GNPC's operatorship ambitions within the shortest possible time. This year, we sanctioned a seismic acquisition and processing contractor to



undertake 2D seismic survey and data processing.

Our 2017 financial performance delivered strong results; revenue grew by over 100percent to GH¢1.2 billion with earnings posting positive performance of GH¢463.8 million from last year's negative results. This was attributed mainly to efficient reservoir management, increased oil production and higher oil prices at $54.15/barrel, up 23.8percent from the 2016 average.

Under my watch, GNPC will seek to diversify its revenue sources and continue to be disciplined in the efficient management of capital.

Looking ahead, we will continue to emphasise training of our critical staff; among the best in the world, while we place a strong focus on safety, well-being and a fit-for-purpose head office for the Corporation.

GNPC remains committed to innovation, laying a strong foundation for the future. Consequently, we finalised plans for the construction of our ultra-modern Research and Technology Centre located off the Spintex Road in Accra.

Downstream, our gas business exploits have proven to be a good bet as we enable readiness of the national gas system to receive gas. In this regard, our expanded role as national gas aggregator has been pivotal. Our ability to meet upstream gas obligations hinges on a functional gas system which ensures timely payments for gas supplied to mid and downstream off-takers.

Oil price volatility is a major threat to our business aspirations. However, I believe that our well-diversified portfolio of upstream assets, at various development phases coupled with our foray into gas enables us to mitigate the price risk well.

I am very excited about progress in the development of the Hess-operated DWT-CTP block. We hope to continue to attract serious local and foreign world-class partnerships, upstream.

Let us all work together to position GNPC well towards operatorship and financial independence. We will not rest on our laurels but forge ahead to create our preferred future of becoming a global oil and gas company whose operations have a profound impact on the quality of life of the people of Ghana.

The future is bright and I take this opportunity to thank the Board, my Management team, our business partners and dedicated staff for their hard work and commitment to achieve even more.

GNPC AT A GLANCE

OUR HISTORY

The Ghana National Petroleum Corporation (GNPC) was established by the GNPC Law 1983 (PNDC Law 64), with the primary object of undertaking the exploration, development, production and disposal of petroleum. The Corporation began operations in February of 1985.

GNPC is a strategic commercial vehicle through which the State participates directly in petroleum operations. By law, the Corporation is a party to all upstream petroleum licenses operated in Ghana.

Following Ghana's upstream foray into commercial petroleum production in 2010, GNPC's role has expanded to tackle the development challenges of a nascent national oil and gas industry.

We are headquartered in Tema and at the end of the year, employed 367 committed staff across three offices situated in Tema, Accra and Takoradi.

OUR MISSION

To lead the sustainable exploration, development, production and disposal of Ghana's petroleum resources, by leveraging the right mix of domestic and foreign investments in partnership with the people of Ghana.

OUR VISION

To be a global oil and gas company whose operations have a profound impact on the quality of life of the people of Ghana.

OUR SHAREHOLDER

GNPC is wholly owned by the Government of the Republic of Ghana.

OUR BUSINESS

Over the years, GNPC has built a strong and diverse portfolio of assets focused primarily on upstream. However, the Corporation's activities have expanded in strategic response to emerging industry developments, domestic market priorities and Government policy, within the remit of its legal mandate.

Our upstream portfolio covers petroleum assets located in Ghana's four (4) sedimentary basins namely;

- The Western (Tano) basin
- The Central (Saltpond) basin
- The Eastern (Keta) basin
- The Onshore (Voltaian) basin.

OUR CORE VALUES

- EHS first
- Professionalism
- Respect for talent
- Reward of merit
- Teamwork
- Creativity and innovation.

OUR STRATEGY

Our accelerated growth-led strategy hinges on an overarching objective to become a stand-alone operator by 2019 and a world-class operator by 2027.

This is being driven by four (4) strategic pillars:

- Building Capacity and Expanding Activities
- Replacing and Growing Reserves
- Efficient Capitalisation, Optimum Participation and Financial Independence
- Enhancing Sustainability through Local Content Development and Participation.

KEY FIGURES AND HIGHLIGHTS

Table 1: Financials Highlights

FINANCIALS (US$M)				
Financial Year	2017	2016	2017	2016
	GROUP US$M	**GROUP US$M**	**GNPC US$M**	**GNPC US$M**
Total Income	268.25	127.43	267.74	126.94
Direct Operating Expenses	(102.70)	(76.69)	(102.60)	(76.61)
Net (Operating) Income	165.55	50.74	165.14	50.33
Current Assets	238.95	151.88	245.39	157.01
Total Assets	1,211.25	974.07	1,210.64	975.46
Current Liabilities	104.52	68.27	91.50	56.63
Total Liabilities	596.26	446.91	576.00	427.69
Total Debt	443.07	334.97	435.86	327.40
Equity	614.99	527.16	634.63	547.77
Current Ratio (Liquidity Measure)	2.29	2.22	2.68	2.77
Debt-to-Equity (Gearing Measure)	0.89	0.76	0.83	0.70

Table 2: Operational Highlights

OPERATIONAL		
Financial Year	2017	2016
National Proved Oil and Gas Reserves (mmboe)	1,185.00	1,235.00
GNPC's Reserves (mmboe)	206.80	216.00
Total Oil Production (Barrels)	58,658,063.56	32,298,638.00
Average Daily Oil production (bopd)	160,707.02	112,530.53
Equity Share of Daily Oil Production (bopd)	22,376.72	15,083.13
Total Gas Production (mmscf)	50,621.76	44,952.86
Total Gas Exports (mmscf)	30,836.31	21,579.60
Average Daily Gas Production (mmscf/d)	138.69	152.65
Equity Share of Daily Gas Production (mmscf/d)	133.59	146.94
Reserve Replacement Ratio	0.95	1.15

National Reserves

Figure 1: National Reserves

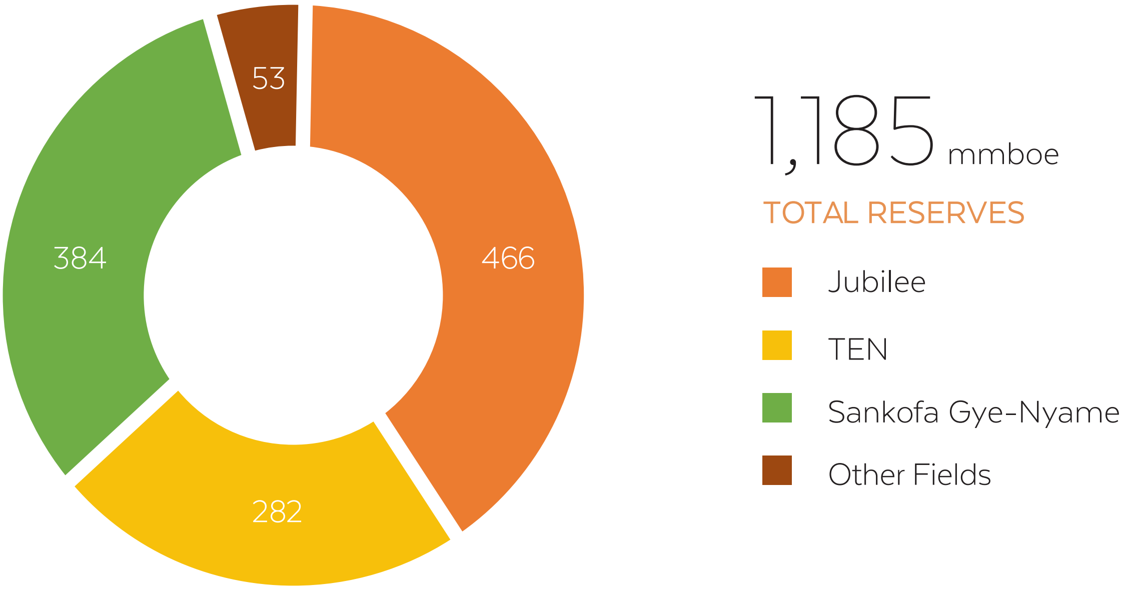


Table 3: Production & Liftings

Production and Liftings			
Production & Liftings	Jubilee Field	TEN Field	Sankofa Gye-Nyame Field
Annual Oil Production (million barrels)	32.75	20.45	5.46
Average Daily Oil Production (barrels)	89,725.96	56,034.46	14,946.61
Annual Gas Production (billion cubic feet)	31.81	18.81	0
Annual Gas Export (billion cubic feet)	30.54	0.23	0
Average Daily Gas Export (bcf/day)	0.08	0.001	0
Annual Oil Liftings (million barrels)	32.31	20.04	4.67
Ghana Group Liftings (million barrels)	5.74	4.04	0
Ghana Share of Liftings (percent)	18percent	20percent	0percent

Note:

a. 1 bcf = 1,000 mmscf
b. Annual oil liftings refers to all-party lifting total
c. Ghana Group liftings refer to shares of GNPC's carried and participating interests and State royalty

STRATEGIC REPORT

Throughout the year, the Corporation continued with activities which sought to reposition GNPC to thrive amidst new political and economic realities. The year 2017 marked a change in Ghana following peaceful national elections held in December of 2016. For the most part, new Management retained the tenets of the Accelerated Growth Strategy, developed in 2012, with the assurances of accelerated progression towards operatorship. This strategy was, however, reinforced with a measure of re-calibration in three (3) key strategic initiative areas, namely:

1. achieving financial independence by 2026
2. increasing efforts towards sustainability and
3. the re-positioning of the Voltaian Basin Project (VBP) as the main strategic vehicle for achieving operatorship.

To this end, we pursued operations intended to secure the greatest value from our business to our shareholder, the Government of Ghana, and the people of Ghana. These activities fell within the broad strategic business areas of capacity building, reserves replacement, optimised management of capital and investment, as well as sustaining impact through local content development and participation, as outlined below.

Table 4: Strategic Report

Strategic Pillars	What it entails...
Building Capacity and Expanding Activities	Investing systematically and prudently in building operating capacity and developing gas management capability to manage a wider portfolio of producing assets.
Replacing and Growing Reserves	Investing in high-impact initiatives for the replacement and growth of our reserves.
Efficient Capitalisation, Optimum Participation and Financial Independence	Leveraging capital discipline to maintain an optimum level of participation in petroleum operations and diversifying revenue sources with a view towards establishing financial independence in the foreseeable future.
Enhancing Sustainability through Local Content Development and Local participation and Corporate Social Responsibility (CSR)	Refocusing CSR activities around Education and Training, Economic Empowerment, and Environment and Social Amenities and catalysing the creation of an appropriate environment for Ghanaian participation in the local oil and gas industry.

THE OPERATING ENVIRONMENT

The Global Environment

The global economy of 2017 was largely characterised by positive growth from a tough 2016 which saw weak capital spending in the energy sector. The recovery was boosted by a rebound in global investments and trade growth among developed nations on the back of continued monetary policy accommodation amid weak inflation. China maintained its, albeit debt-driven, expansionary outlook as tax cuts in the world's largest economy also spurred global demand.Global oil prices, in return, recovered sharply particularly amid China's economic boom and steady global demand. In a year of steady gains, OPEC reined in supply levels, while there were no major geo-political events which threatened to escalate prices to unsustainable levels. Dated Brent Crude surged in the three consecutive months (October–December) of the year recording an average of US$61.5/barrel, which reflected a 19percent quarter-on-quarter increase. Brent closed the year with an average price of US$54.4/barrel, representing a 24 percent rise from the 2016 average level.

The strengthened global economy supported the Corporation's economic fortunes, as oil companies managed a relatively lower price environment with a healthier focus on capital and operating cost discipline. Supply and demand imbalances tightened over the course of 2017. The year recorded moderate but steady global oil demand growth to 98.3 mmbbls/d from the Q1 level of 96.7 mmbbls/d against global supplies which closed the year at an average of 97.3 mmbbls/d with non-OPEC gains offsetting OPEC production cuts.

The Regional Industry

Growth in Sub-Saharan Africa reached 2.4 percent in 2017 from the sharp decline to 1.3 percent in 2016, mainly reflecting modest recovery in the region's largest economies – Angola, Nigeria and South Africa. The rebound was supported by higher energy and commodity prices, increased capital inflows and slowing inflation amid stable exchange rates and slowing food price inflation (due to higher food production) as countries in the sub-region committed to improving their fiscal balances.

Africa's oil and gas production grew by 5 percent and 9 percent respectively in 2017. The region accounted for an average daily oil production of 8.1 million barrels in 2017, led primarily by a strong recovery in Libya and recorded 225 billion cubic metres of gas production attributed mainly to increased output from Nigeria and Egypt. The continent remained a key net energy exporter, accounting for 8.9 percent of global gas exports and 10.2 percent of global oil exports respectively. Consequently, Africa's overall share of world oil production bottomed at 8.7 percent, while its share of gas output stood at 6.1 percent.

Africa's total proved oil reserves stood at 16.7 billion tonnes of oil equivalent at the end of 2017 – accounting for 7.5 percent of the world total, with a reserve-to-production ratio of 42.9 percent. The region's proven natural gas reserve position, on the other hand, stood at 13.8 trillion cubic metres, representing 7.1 percent share of global gas reserves, from growth in Nigeria and Libya.

Over the course of the year, the continent saw robust investments in the energy, power and gas value chains, on the back of sustained upstream opportunities in a rising oil price environment. This trend is expected to continue into 2018.

Local Economy and Industry

The local economy expanded significantly by 8.5 percent in 2017 from 3.6 percent in 2016, largely supported by the oil and mining sectors. Concurrently, fiscal deficit dropped to 6 percent of gross domestic product (GDP) in 2017 from 9.3 percent in 2016, underpinned by Government's deliberate fiscal consolidation efforts. Oil production in the period under review rose strongly with start-up of oil production from the Sankofa Field and ramp up of oil production from the TEN Field. Additionally, production from Jubilee was sustained as partners opted to defer the Offshore Turret Remediation Project to 2018.

The Ghana Cedi recorded stable performance as foreign exchange reserves increased. The relatively large trade balance surplus reflected robust earnings from oil, gold and cocoa in 2017. Buoyed oil prices during the second half of the year and a strengthened corporate revenue position boosted economic results compared to performance the previous year. This encouraged commercial investments upstream and in related businesses.

BUSINESS OVERVIEW

The Ghana National Petroleum Corporation (GNPC) was established by GNPC Law 1983 (PNDC Law 64), beginning operations in February of 1985 with the primary object to undertake exploration, development, production and disposal of petroleum.

The Petroleum (Exploration and Production) Act, 2016 (Act 919), in turn legally mandates all persons, or entities, seeking to undertake petroleum activities in Ghana to partner the Corporation and the Government of Ghana.

A DUAL COMMERCIAL AND DEVELOPMENTAL ROLE

We play a dual commercial and developmental role in the delivery of our mandate. This hinges on PNDC Law 64 which requires that in the undertaking of our functions of exploration, development, production and disposal of petroleum, we must ensure maximum benefits to the people of Ghana. The same law also stipulates that GNPC operates under sound commercial practices, whilst taking necessary steps to produce a reasonable return on its assets. Our dual role is appropriately reflected in the founding objects under PNDC Law 64, which include:

- Accelerating the promotion of petroleum exploration activities to ensure early commercial discovery and production;
- Ensuring the appraisal of existing petroleum discoveries
- Ensuring production meet national requirements;
- Ensuring that Ghana obtains the greatest possible benefits from the development of its petroleum resources;
- Obtaining the effective transfer to Ghana, of appropriate technology relating to petroleum operations;
- Ensuring the training of citizens of Ghana, and the development of national capabilities in all aspects of petroleum operations; and
- Ensuring that petroleum operations are conducted in such a manner as to prevent adverse effects on the environment, resources and people of Ghana

The reinforcing nature of GNPC's commercial and developmental roles is depicted in Figure 2.

Figure 2: GNPC's Dual Commercial and Developmental Role

Competitive across O&G value chain delivers greater financial & economic returns to the state in terms of:

- royalties
- taxes
- dividends

Sector enabler
Gas aggregator

Securing GNPC's long-term competitiveness will lead to:

- Development in national technology and skills
- Quality employment for Ghanaians
- Development of local businesses
- Development of strategic national infrastructure
- Long-term caompetitive fuel pricing
- More competitive borrowings
- National control of market demand and supply swings

Virtuous self-reinforcing cycle of interdependence between the commercial and developmental roles

Our Business

Our activities span the entire oil and gas value chain. GNPC's business focus has largely been organised in the upstream segment of the oil and gas value chain. Strategically, however, in recent times, the Corporation's activities have extended across evolving industry opportunities in line with its legal mandate, which allows for operations along the entire value chain, industry and economic developments and Government policy.

Our expanded role addresses the developmental challenges of a growing domestic oil and gas industry given Ghana's emergence as an oil-producing nation. GNPC's industry enabler role is therefore typical of National Oil Companies (NOCs) in the early stages of industry development, supporting the establishment of a structured petroleum value chain in a strong oil and gas sector.

Our upstream assets are organised in four (4) sedimentary basins in the country namely:

1. the Western (Tano) basin
2. the Central (Saltpond) basin
3. the Eastern (Keta) basin
4. the Onshore (Voltaian) basin.

In pursuit of securing both the upstream supply and downstream utilisation of natural gas resources, GNPC's role as national gas aggregator serves to ensure the responsible commercialisation of gas resources in the country. In 2017, the Corporation committed to gas-based development activities, with the view to develop a functional gas market and enabling gas off-take capability in line with

Government's gas-to-power priorities.

To sustain local content and participation in the oil and gas sector, we have established strategic alliances intended to catalyse the development of a strong local oil services base. One such enterprise is the GNPC-Technip Engineering Services Company (GTES), a joint-venture entity.

Strategically, the Corporation has operated several business models to varying degrees of engagement. These range from joint ventures to simple investments, all tested for strategic relevance.

Figure 3 below depicts GNPC's activities along the petroleum value chain.

Figure 3: GNPC's Current Activities

Upstream

Exploration and Production

- Licence Acquisition
- Farm-in Activity
- Exploration
- Appraisal
- Development
- Production
- Disposal
- Decommission

Midstream

Transport and Logistics

- Pipelines
- Tankers
- Storage Facilities

Downstream

Refining and Processing

- Refineries
- Processing Plants
- Petroleum products
- Retail Outlets

Allied services (e.g. engineering services)
Investments in infrastructure across the value chain

***Key**
Current GNPC activities are indicated in gold text

FINANCIAL HIGHLIGHTS

Summary

Our 2017 financial performance was very strong as we achieved $86.9 million in post-tax earnings. This result, up from a net operating loss position in 2016, is attributed mainly to increased oil production, especially from Jubilee, efficient reservoir management and sustained higher oil prices achieved in 2017.

Operating Activities

Net cash generated from operating activities stood at $84.66 million for the year, the highest since 2014. Total oil production in 2017 reached 58.6 million barrels from 32.3 million barrels of oil produced the previous year as Jubilee output shot up by an estimated 21 percent over the period and TEN ramped up production in 2017. Underpinning the solid operating performance were the interim Jubilee turret remediation programme which yielded positive outcomes and oil from Sankofa in its first year of production, averaging 15,000 barrels per day.

This year, average daily oil production growth improved to 160,707 barrels per day, representing a 43 percent rise from the 2016 average, buoyed by Sankofa's production start-up.

Our share of oil production reached 22,376 barrels in 2017, up by 48.6 percent from equity interest in 2016. Meanwhile the Corporation's share of produced gas fell to 133.59 mmscfd in the period under review from 146.94 mmscfd in 2016 as Jubilee gas production decreased to 31.8 bcf from 38.4 bcf the previous year. The faulty turret affected gas production levels.

Financial Position

Total assets grew by 24percent to $1.21billion for 2017 with 3 fields operating. The Corporation's current liabilities rose by 53.1 percent to $104.52 million in 2017 from $68.27 million last year as our contribution of production cost share and medium-term debt procured over the period grew. The current ratio (a measure of liquidity) improved marginally to 1: 2.29 in 2017 from 1:2.22 in 2016.

Similarly, the Corporation's leverage position, at 0.89 times this year, showed a slight improvement from the 2016 gearing ratio of 0.76 times as we continued to service our current obligations, mainly from our share of crude production.

Ghana Group lifted 5,742,876 barrels from Jubilee in six separate cargoes in 2017, up 18.2percent of 4,860,462 barrels from 5 cargoes lifted in 2016. A total of 4,038,375 barrels were lifted in 4 different cargoes from TEN as against one parcel of crude lifted from the field in 2016. On the other hand, the Ghana Group secured its first oil lifting of 831,987 barrels from Sankofa in 2017. This represented an overall 81.2 percent jump in Ghana Group liftings in the period under review, from 2016 levels.

CORPORATE OBJECTIVES 2017

The following corporate objectives were approved by Management and the Board of Directors at the beginning of 2017 in pursuit of GNPC's overarching strategic goal to become a standalone operator:

Table 5: Corporate Objectives 2017

Theme	Details
Institutional Capacity	To improve institutional capacity to manage petroleum operations with a focus on gas management and onshore operations
Reserves	To achieve total national proven hydrocarbon reserves of 1,162 Million barrels of oil equivalent (MMBOE) by the end of 2017 based on SPE Classification
Production	To achieve an annualised average crude oil production of 141,004 bbl/d, and 62.0 MMscf of gas per day from the Jubilee and TEN fields
Drilling	To actively participate in activities leading to the completion of ten (10) development wells and drilling of one (1) exploration well
Development Activities	To actively work with project partners of the Greater Jubilee, TEN and Sankofa Gye-Nyame projects, with the aim of ensuring that the projects are executed on schedule and within budget
Voltaian Basin Project	To complete an additional 13 percent of work required for determining the petroleum system of the Voltaian Basin
Prospect Generation	To undertake a regional geological study of the eastern basin and prospect evaluation as part of measures in determining the geological economic potential of Ghana
Disposal	To maximise benefits from the efficient disposal of petroleum available to the Corporation
Gas Business	To achieve all conditions necessary for a well-functioning gas system i.e. complete GSAs with IPPs for the sale of OCTP gas
	To establish a gas nominations system and complete all gas transportation agreements

2017 PETROLEUM OPERATIONS

Following judgement in the third quarter of the year, in favour of Ghana in the maritime boundary dispute with Cote D'Ivoire, GNPC and its partners repositioned petroleum operations to fully undertake activities in formerly contested areas and new exploration and drilling projects going forward to replace and grow Ghana's reserves. The 2016 drilling injunction had notably impacted ramp-up of our Tweneboa, Enyenra and Ntomme (TEN) project which commenced production in 2016, as well as areas under the Deepwater Tano Cape Three Points (DWTCTP) and South Deepwater Tano licence areas within the Western (Tano) basin. The ITLOS ruling also saw GNPC and its development partner, Hess, refocus efforts to optimise planned pre-development activities in the DWT-CTP block, leading to the submission of a Plan of Development (PoD) in 2018.

Over the course of the year, the Jubilee Field produced a total of 32.75 million barrels of oil, representing a 21.4 percent increase from 2016 field output levels. Average daily Jubilee oil output stood at 89,725.96 barrels of oil with daily Jubilee gas production averaging 121.18 mmscfd for the year. Meanwhile, gas exports from the field totalled 30,540.01 mmscf. The increased Jubilee volumes followed the effective interim resolution of the FPSO turret-bearing damage. The turret remediation works also affected gas export levels from the field which fell to 31.81 bcf in 2017 from 38.42 bcf in the previous year.

TEN produced a total of 20,452,577 barrels of oil this year. GNPC and TEN partners achieved an average daily oil production from the TEN field of 56,034.46 barrels from the 2016 start-up level of 15,824 barrels of oil per day, as the field ramped up production.

Total estimated oil and gas production from the two producing fields for the period accounted for 53.2 million barrels and 50.62 bcf respectively. In 2017, we lifted, on behalf of the Ghana Group, 5.74 million barrels (6 cargoes) from the Jubilee field. This represents 17.77 percent of the total liftings by all Partners of 32.3 million barrels of crude. Over the same period, GNPC also lifted 4 cargoes of crude oil totalling 4.04 million barrels from TEN field, worth 20.15 percent of total liftings by all Partners.

The year saw the major achievement of the First Oil milestone on 20 May, 2017 from Ghana's third-producing field, Sankofa Gye-Nyame. This came three months ahead of schedule and within budget, two and a half years following approval of the PoD on the back of the completion of ten (10) wells in the Offshore Cape Three Points (OCTP) field development operations during the year. A total of 5.12 million barrels of oil was produced from the field in 2017 as the integrated OCTP oil and gas project reached 90.9percent of overall project progress.

The national proven reserve base declined marginally by an estimated 6 percent to 1,185 million barrels of oil equivalent in 2017 from the 2016 year-end position due to marginal depletion from the three producing fields: Jubilee, TEN and Sankofa Gye-Nyame. Additionally, the identification of twenty-three (23) new leads and nine (9) generated prospects across various licenses in the Tano and Keta basins will support the replacement and growth of hydrocarbon reserves.

RESERVES AND PRODUCTION

Reserves

GNPC's reserves are classified on the basis of internationally accepted guidelines of the Petroleum Resource and Management Systems (PRMS). The table below shows the year-end reserves positions across various fields since 2015.

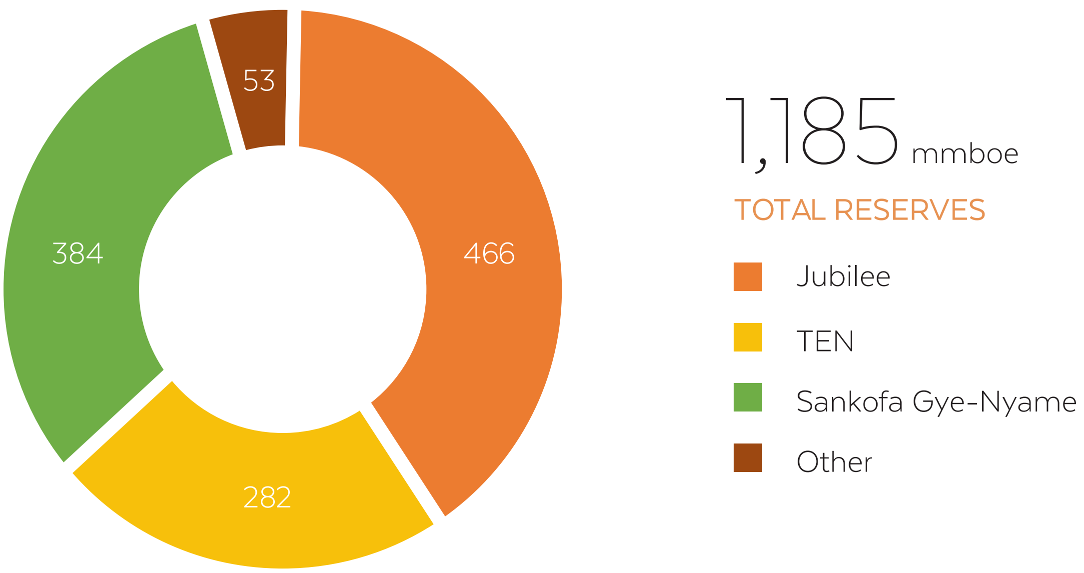
Table 6: National Proven Reserves Position

Reserves	2015		2016		2017	
Fields	Parties	GNPC	Parties	GNPC	Parties	GNPC
Jubilee	546	105	508	93	466	88
TEN	301	43	303	73	282	40
Sankofa Gye-Nyame	347	65	389	43	384	72
Others (Teak, Mahogany, Saltpond)	53	7	53	6	53	6
Total Reserves (mmboe)	**1,247**	**220**	**1,253**	**216**	**1,185**	**207**

- Reserves under Parties refer to the remaining reserves of all contractor parties in the respective blocks

GNPC's share of the national proven reserves in 2017, at 206.8 mmboe represented 17.47percent of national proved reserves, relatively unchanged from the previous year's. As at year-end 2017, Ghana's proved reserves stood at 1,185 million barrels of oil equivalent (mmboe), representing a 6 percent decline from the 2016 position of 1,253 mmboe. This was as a result of depleting resources from the Jubilee, TEN and Sankofa Gye-Nyame fields notwithstanding yet-to-be appraised and classified reserves from the DWT-CTP block. The three producing fields contributed an estimated 95.55 percent of stated proven reserves while Mahogany and Teak fields accounted for the remaining 4 percent of proven reserves. The Saltpond field remained shut-in as the Corporation concluded terms of a decommissioning programme of activities. Figure 4 below summarises Ghana's 2017 reserves position.

Figure 4: National Proven Reserves



Oil & Gas Production

Jubilee field production was constrained by the FPSO turret remediation works which impacted oil and gas output levels from the field, as the Jubilee Partners secured an interim resolution through a spread mooring arrangement to support production. TEN ramp-out production and Sankofa Gye-Nyame oil production start-up contributed to the healthy total oil and gas production performance recorded in 2017, as shown in Tables 7 and 8 below.

Table 7: Crude Oil Production

OIL PRODUCTION	2012	2013	2014	2015	2016	2017
Total Oil Production (bbls)						
JUBILEE	26,351,278.00	35,587,558.00	37,201,691.00	37,411,661.00	26,981,640.00	32,749,975.00
TEN	-	-	-	-	5,316,998.0	20,452,577.00
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	5,455,511.56
TOTAL	**26,351,278.00**	**35,587,558.00**	**37,201,691.00**	**37,411,661.00**	**32,298,638.00**	**58,658,063.56**
Avg. Daily Production (bpd)						
JUBILEE	71,998.03	71,998.03	101,922.44	101,922.44	73,720.33	89,725.96
TEN	-	-	-	-	38,810.20	56,034.46
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	24,246.72
TOTAL	**71,998.03**	**100,246.64**	**101,922.44**	**102,497.70**	**112,530.53**	**170,007.13**
GNPC Equity Share (bbls)						
JUBILEE	3,414,598.60	4,611,435.77	4,820,595.12	4,847,803.03	3,496,280.91	4,243,741.76
TEN	-	-	-	-	757,672.22	2,914,492.22
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	1,009,269.64
TOTAL	**3,414,598.60**	**4,611,435.77**	**4,820,595.12**	**4,847,803.03**	**4,253,953.13**	**8,167,503.62**

Table 8: Natural Gas Production

GAS PRODUCTION	2012	2013	2014	2015	2016	2017
JUBILEE	32,970.00	47,432.00	55,758.00	52,546.00	38,421.00	31,812.00
TEN	-	-	-	-	6,531.86	18,809.76
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	-
TOTAL	**32,970.00**	**47,432.00**	**55,758.00**	**52,546.00**	**44,952.86**	**50,621.76**
Avg. Daily gas Production (mmscfd)						
JUBILEE	90.08	133.61	152.76	143.96	105.26	87.16
TEN	-	-	-	-	47.68	51.53
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	
TOTAL	**90.08**	**133.61**	**152.76**	**143.96**	**152.94**	**138.69**
GNPC Equity Share						
JUBILEE	31,624.82	45,496.77	53,483.07	50,402.12	36,853.42	30,514.07
TEN	-	-	-	-	6,335.90	18,245.47
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	-
TOTAL	**31,624.82**	**45,496.77**	**53,483.07**	**50,402.12**	**43,189.33**	**48,759.54**

Commercial gas exports from the respective fields are depicted in Table 9 below.

Table 9: Natural Gas Exports

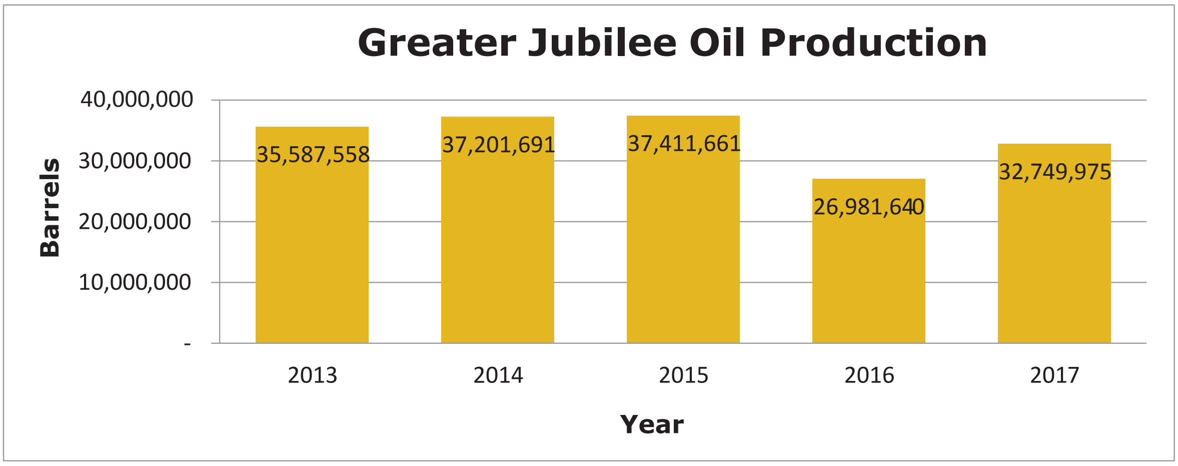
GAS EXPORT (MMSCF)	2012	2013	2014	2015	2016	2017
JUBILEE	-	-	1,910.07	24,226.96	21,579.60	30,539.65
TEN	-	-	-	-	-	233.80
SANKOFA-GYE NYAME (OCTP)	-	-	-	-	-	-
TOTAL	**-**	**-**	**1,910.07**	**24,226.96**	**21,579.60**	**30,773.45**

Jubilee Oil Production

Our largest producing field, Jubilee, averaged daily output of 89,725.96 barrels, a 21percent increase over the 2016 result. Despite total production of 32.75 million (over 5.7 million oil barrels more than 2016 total output) from the field over the period, production was constrained by the Jubilee FPSO turret challenges. The year saw Jubilee partners obtain ministerial approval to implement a permanent turret solution, away from the interim turret remediation solution deployed to stabilise output levels from 2016. Conversely, total Jubilee gas production was curtailed to 31.81 billion cubic feet (bcf) from 38.42 bcf the previous year, affected by turret-related gas support complexities.

The graph below highlights a five-year historical annual production trend from the Jubilee field.

Figure 5: Greater Jubilee Oil Production



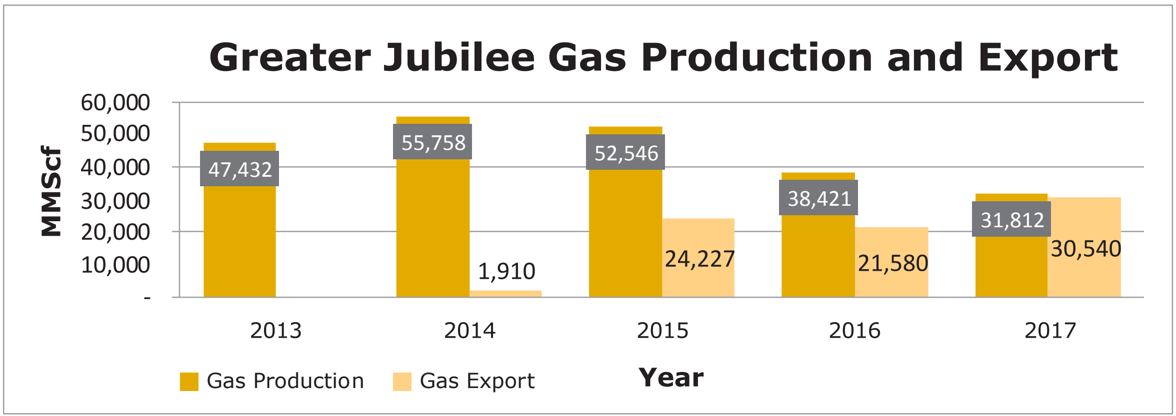
Jubilee Gas Production and Export

In 2017, the Jubilee field delivered a total of 30,539.65 million standard cubic feet of natural gas to the Ghana National Gas' Atuabo processing plant. This marked a 42percent jump in annual gas export levels from 2016, supported by the rise in oil output. Gas production from the field averaged 87.16 bcf in 2017 versus 105.26 bcf the previous year.

Approximately 96percent of gas produced from the field was exported to the Atuabo processing plant over the year.

The graph below highlights gas production and export trends from Jubilee since 2013.

Figure 6: Greater Jubilee Gas Production and Export



Tweneboa-Enyenra-Ntomme (TEN) Oil Production

In 2017, Ghana recorded 20.45 million barrels of oil from its second major producing field, TEN, from a total of 5.32 million barrels registered in 2016 from a limited number of oil producing wells (TEN commenced oil production in August 2016). This makes an annualised average daily oil production rate of 56,034 barrels for the year.

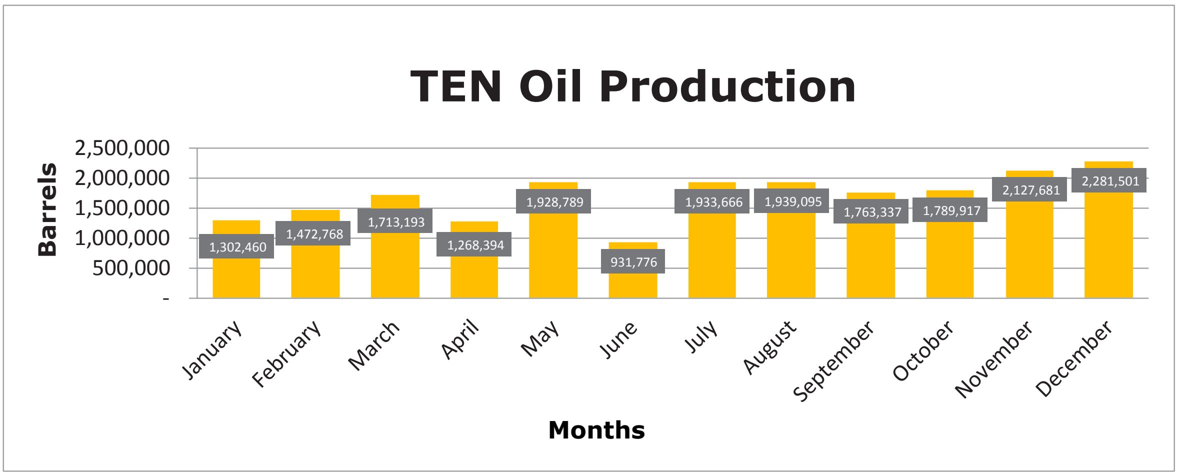
Ghana received a favourable ITLOS judgement in its maritime border dispute with Cote D'Ivoire in 2017. This landmark ruling displaced the moratorium on further TEN drilling, as the TEN field was in the disputed region. This development, in effect, enables the TEN partners to ramp-up oil production from the field.

Gas production from TEN totalled 18,81 bcf in 2017, from 6,532 bcf in total gas output a year ago. In December 2017, GNPC and the TEN partners agreed a gas sales agreement for the sale and purchase of TEN associated gas by GNPC for delivery to the Atuabo plant for onward export to Aboadze.

During the year, TEN partners commissioned a temporary TEN-Jubilee bulk gas import facility to facilitate import of up to 40 million standard cubic feet of associated gas per day from the Jubilee field for fuel and storage.

The monthly distribution of TEN oil production for the year is highlighted in the next graph.

Figure 7: TEN Oil Production



LIFTINGS, PRICES AND REVENUE

Liftings

The Ghana Group lifted ten (10) parcels totalling 9.78 million barrels of crude oil out of a total of 52.35 million barrels from the Jubilee and TEN producing fields – Jubilee:6 parcels (5.74 million barrels) and TEN: 4 parcels (4.04 million barrels).

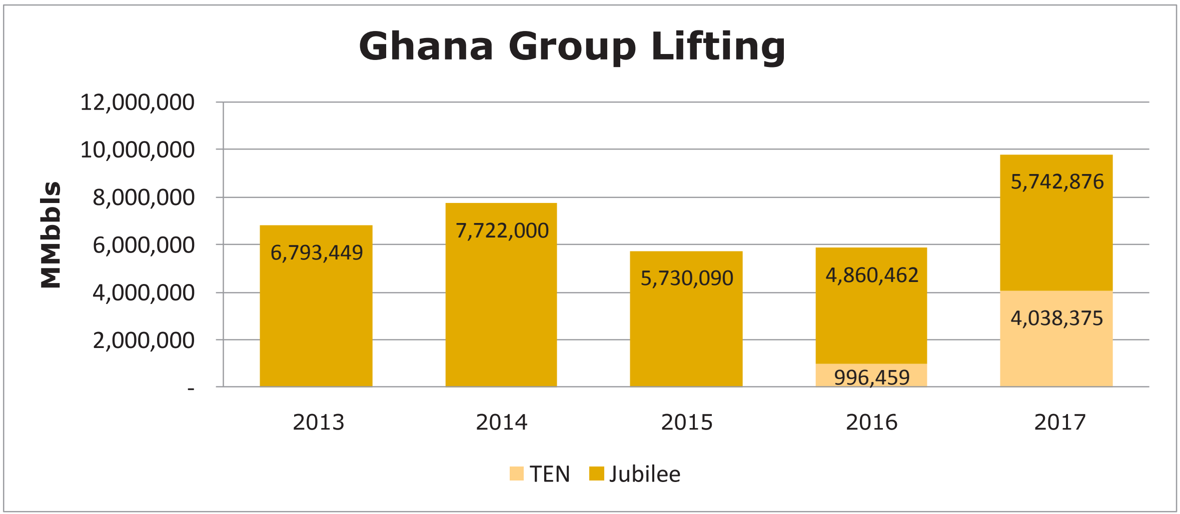
It is worth noting that the OCTP partners, lifted Ghana Group's entire share of Sankofa crude in 2017 as part of an agreed payment mechanism for Ghana's additional paying stake in the OCTP field development.

Table 10: The table below summarises the 5-year oil lifting trend, since 2013:

Crude Liftings (mmbbls)	2013	2014	2015	2016	2017
Jubilee – Ghana Group	6.79	7.72	5.73	4.86	5.74
JV Partners	29.26	29.25	31.44	21.27	26.57
Total Lifting	36.05	36.97	37.17	26.13	32.31
TEN – Ghana Group	-	-	-	1.00	4.04
JV Partners	-	-	-	3.63	16.00
Total Lifting	-	-	-	4.63	20.04
Sankofa – Ghana Group	-	-	-	-	-
JV Partners	-	-	-	-	4.67
Total Lifting	-	-	-	-	4.67
Jubilee (percent of Ghana Group)	18.9percent			18.6percent	17.8percent
TEN (percent of Ghana Group)	-	-	-	21.5percent	20.2percent
Sankofa (percent of Ghana Group)	-	-	-	-	-
Total Ghana Group Lifting	**6.79**	**7.72**	**5.73**	**5.86**	**9.78**

The graph below shows Ghana Groups distribution of liftings between TEN and Jubilee output since 2013.

Figure 8: Ghana Group Lifting



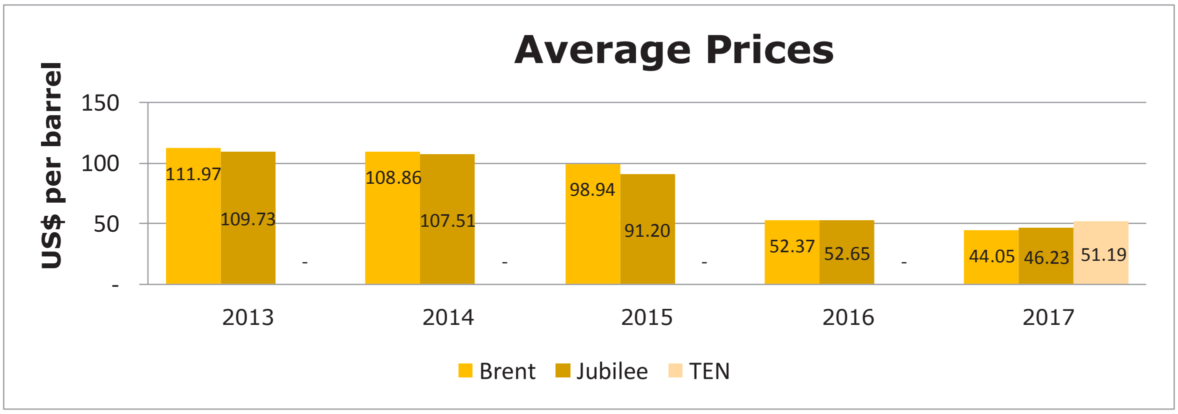
Prices

Brent price rose 23 percent to average $54.39 per barrel in 2017, up from the 2016 average as the dated global benchmark crude signalled sustainable recovery from record average low of $44.05 per barrel established in 2016, the worst performance in the last seven years.

Jubilee crude price was up 18 percent, reaching $54.58 per barrel in 2017 from its 2016 low of $46.23 per barrel, breaking a downward spiral in the price of Jubilee since 2015. This compared favourably to average 2017 Brent level of $54.39 per barrel. TEN, on the other hand, attained a 2017 average level of $52.02 per barrel, up 2 percent from $51.19 per barrel recorded a year earlier at the onset of oil output from the field. The TEN crude also performed well in relation to the 2017 Brent average. As previously mentioned, Ghana Group did not lift Sankofa oil in the year under review.

The graph below compares realised prices for Jubilee and TEN crude to the dated Brent benchmark over the last five years.

Figure 9: Average Prices



Revenue

The State realised total revenue of $313.44 million from Jubilee in 2017, representing a 39 percent increase from revenues achieved in 2016. This marked improvement was attributed to the 21 percent rise in Jubilee oil output over the same period, marking an 18 percent upward tick in 2017, over the Jubilee oil price realised from the 2016 average. GNPC's share was 37percent of total 2017 revenue , made up of 21percent equity finance and 16percent project finance for operations.

TEN contributed $210.08 million to the national treasury in 2017 from the $51.03 million in revenue realised in 2016 over four and a half months of TEN oil production in 2016 with GNPC's share making up 74 percent of total receipts. The Ghana Group share of combined liftings from TEN and Jubilee earned Ghana total revenue of $523.52 million in 2017.

Table 11: Revenue

Ghana Group Revenue ($ millions)					
	2013	2014	2015	2016	2017
Jubilee – Royalty	203.34	195.04	83.44	62.56	87.27
CAPI	527.02	505.51	216.56	162.15	226.17
Total	730.36	700.55	300.00	224.71	313.44
TEN – Royalty CAPI	-	-	-	-	54.57
					155.52
Total	-	-	-	-	210.08
Total Revenue	**730.36**	**700.55**	**300.00**	**224.71**	**523.52**

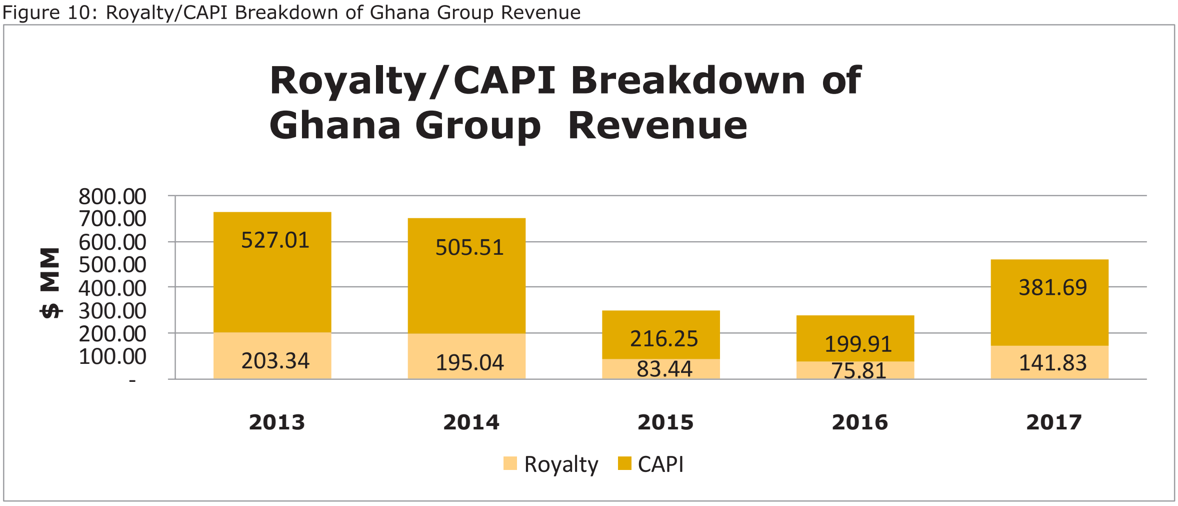
- Ghana Group did not lift from Sankofa in 2017

The table below presents a breakdown of Ghana Group revenues since 2013.

This total revenue outturn marked a reversal of a decreasing trend in both carried and participating interest (CAPI) and royalty share due to the State since 2013, against a corresponding decline in oil prices over the same period. The State forfeited revenue from the sale of Sankofa oil output in 2017 as a result of the joint venture partners' lifting of Ghana's share of Sankofa crude to repay the State's accrued debt from its additional participating interest in the Sankofa oil production, per repayment terms agreed amongst the OCTP partners.

The graph below shows the CAPI and revenue breakdown for Jubilee and TEN earnings since 2013:

Figure 10: Royalty/CAPI Breakdown of Ghana Group Revenue



STRATEGIC ALLIANCES

Petroleum Agreement Negotiations

The Corporation prides itself on associations and alliances with credible and quality partners that possess competitive operating advantages in line with our world-class ambitions. To achieve our operatorship objectives, we will continue to leverage our membership on the Government Negotiation Team (GNT) to secure petroleum agreements and partner with credible world-class players, enhancing competitive synergies upstream.

In 2017, the Corporation finalised commercial negotiations with super-major, ExxonMobil, for exploration and development rights over the relinquished Deepwater Cape Three Points block. This followed a series of negotiations which led to a memorandum of understanding agreed between GNPC and the oil giant in September.

In line with our global alliance strategy, we negotiated and signed a Liquefied Natural Gas (LNG) sale and purchase agreement with Russia's gas giant, Gazprom, for a 250 mmscfd LNG import solution which promises to boost the country's power supply by 1,000 MW in the foreseeable future, towards securing national energy security.

In our pursuit of operatorship onshore, we completed negotiations and signed a seismic acquisition contract with BGP-Bay in addition to signing an explosive contract with Maxam. Downstream, we advanced negotiation of a gas supply terms with Cenpower for Sankofa gas off-take in 2018.

EXPLORATION AND APPRAISAL ACTIVITIES

Following the favourable ITLOS ruling for Ghana in the maritime border dispute with Cote d'Ivoire, 2017 saw a resumption in drilling activities (exploratory and appraisal operations) offshore Ghana in the TEN field, away from the Corporation's restricted focus on geological and geophysical work previously.

The Corporation's in-house team progressed with a regional geological study and prospect evaluation of the eastern basin in collaboration with various partners. This is part of planned measures to determine the geological and economic potential of the basin. In the past, such efforts have yielded positive results in Ghana's Tano and Keta basins, generating several valuable leads and prospects to date.

GNPC's upstream exploration arm, GNPC Exploration and Production Company Limited (Explorco), became party to a 5 percent commercial interest in Ghana's West Cape Three Points Block 2, bringing the total number of petroleum agreements under which GNPC retains indirect commercial interest to eight (8) to date.

The Voltaian Basin Project

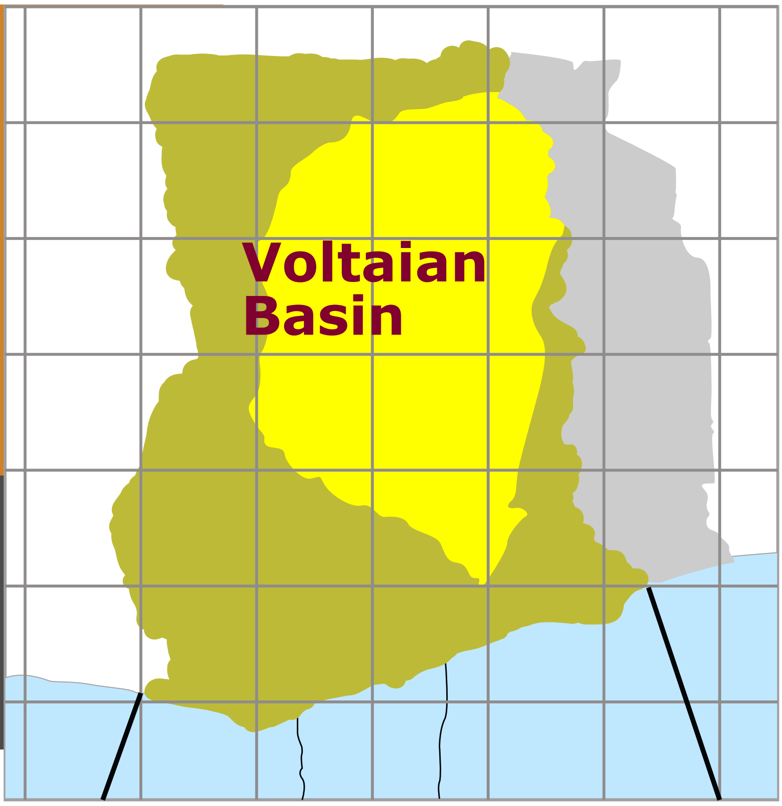


Figure 11: The Voltaian Basin Project

The inland Voltaian basin is the largest sedimentary basin in the country. GNPC is operating the Voltaian Basin Project (VBP) as its preferred strategic vehicle intended to accelerate its pursuit of stand-alone operatorship from 2017 whilst achieving its vision of accruing the greatest benefits to the people of Ghana from petroleum exploitation. The VBP aims to extend GNPC's stand-alone operating capabilities, with control over contracting and technology transfer processes.

Until now, the inland basin was the least explored acreage despite covering approximately 103,600 square km, over 40percent of Ghana's land mass.

In 2017, GNPC set out to complete an additional 13percent of work required to enhance knowledge of the acreage and delineate prospective sections to establish a petroleum system under a 5-year reconnaissance work programme.

During 2017, GNPC successfully negotiated and concluded key project contracts including the 2D seismic acquisition and processing contract with BGP-Bay as well as a seismic explosives contract with Maxam. We also concluded a Consultancy Extension contract with EPI Sonatusk and a Rollover Protection contract with Actus. Mobilisation to the project site was completed and data acquisition commenced in the northern sector of Ghana.

GNPC is overseeing the construction of explosive bunkers at the project site and is also undertaking the project's social performance activities.

Deepwater Tano Cape Three Points (DWTCTP)

GNPC owns carried, participation as well as commercial stakes in the DWTCTP block, part of which was within the disputed maritime zone. The favourable ITLOS judgement this year enabled the partners to complete pre-development (appraisal) activities with first oil projected to come onstream by 2022. Since the ruling, GNPC and the Operator, Hess, intensified work on the field PoD, expected to be submitted for Ministerial consideration by end of 2018.

Together with Hess, we advanced the technical (including local content proposal) review of the FPSO contractors' specifications and HYSIS process model.

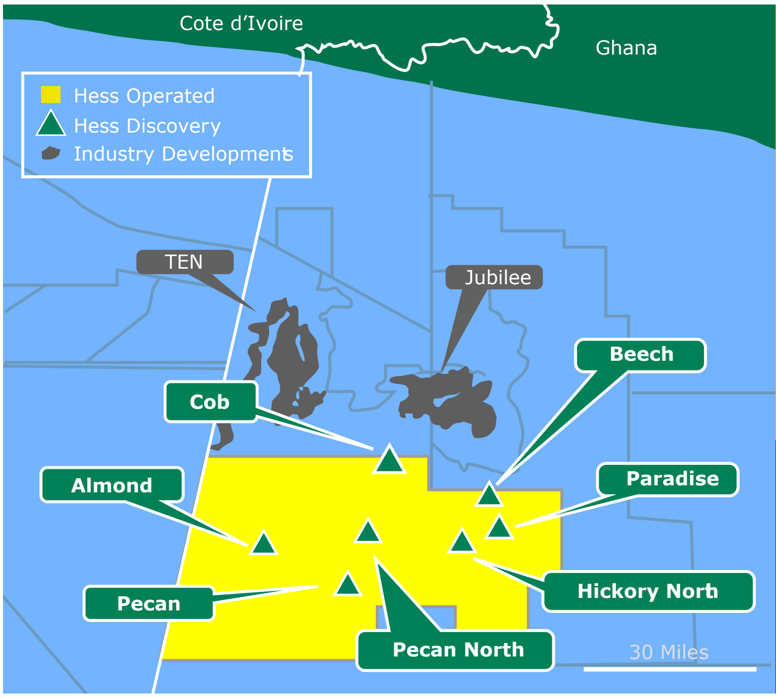


Figure 12: Deepwater Tano Cape Three Points (DWTCTP)

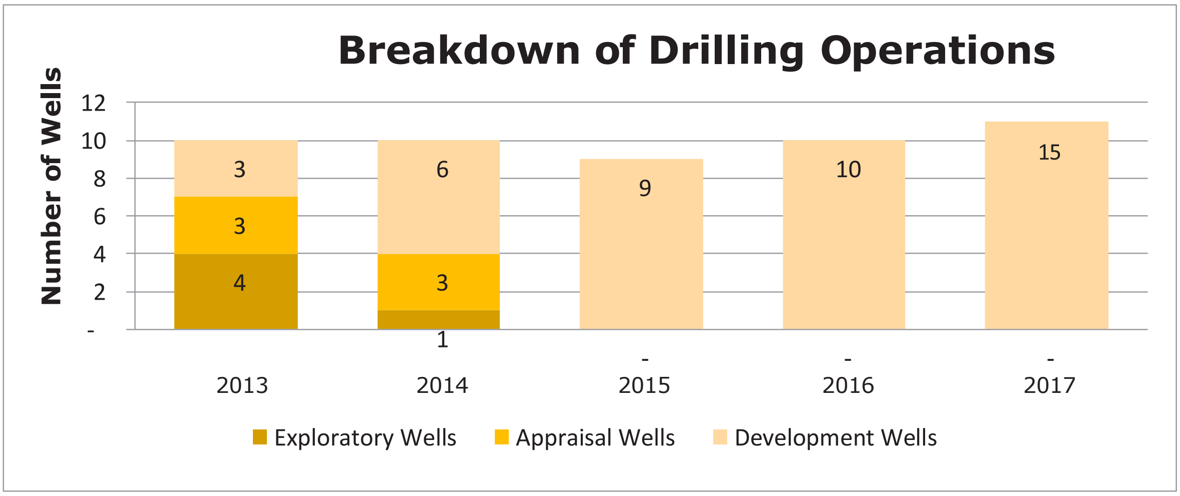
Additionally, progress was made in the FPSO design competition. FEED is ongoing with potential short-listed contractors. Work completed in the year under review also involved the design of structures and pig receiver,

DEVELOPMENT AND PRODUCTION ACTIVITIES

Development activity through the year under review was significantly constrained by the ITLOS drilling ban. Over the course of the year, no new wells were drilled in the Jubilee and TEN fields. However, the 2017 drilling campaign saw well completion operations undertaken on a total of eleven (11) wells for the oil development within the Sankofa Gye-Nyame development area comprising oil producers, gas injectors and water injectors. Additionally, four (4) wells were completed for gas production.

The graph below shows the number of wells (exploratory, appraisal and developmental wells) drilled within Ghana's offshore acreage since 2013.

Figure 13: Breakdown of Drilling Operations



- 15 well completion activities in 2017 include both oil and gas development operations

The Jubilee Project

Discovered in 2007, Jubilee remains Ghana's largest producing field. The field achieved its first oil production milestone in 2010.

The Greater Jubilee Full Field Development (GJFFD) project integrates the surrounding Mahogany, Teak and Akasa (MTA) discoveries into the overall Jubilee field development activity. The GJFFD aims to support Jubilee oil output levels over an extended field life profile by incorporating the West Cape Three Points MTA pools, without which these discoveries are considered sub-commercial on a stand-alone basis.

The Minister for Energy approved the GJFFD Plan of Development this year, paving the way for Jubilee Partners to exploit the MTA discoveries. Following the Minister's sanction of the GJFFD plan and gas sales agreement, GNPC and Jubilee partners entered into negotiation of a gas sales agreement governing the sale and purchase of associated gas from the GJFFD area.

Production from Jubilee was challenged by a faulty FPSO turret in 2016, prior to which the field experienced

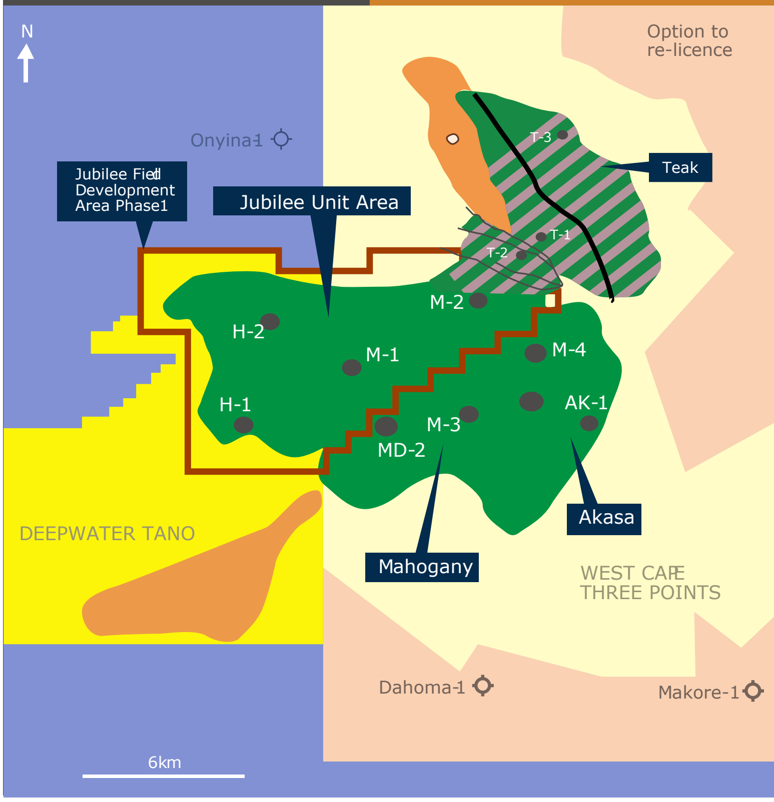


Figure 14: The Jubilee Project

strong year-on-year output performance, from inception.

GNPC and the Jubilee partners progressed work towards the execution of an interim spread-mooring of the FPSO to facilitate effective operating and production off-take arrangement. The year under review saw the successful implementation of the temporary turret resolution.

The field, during the year, averaged daily oil output of 89,725.96 barrels, a 21percent increase over the 2016 result. Gas production from the field averaged 87.16 bcf in 2017 versus 105.26 bcf the previous year. Gross remaining oil reserves from Jubilee at the end of the year stood at 396 million barrels of oil with gas reserves of 408 bcf.

The TEN Project

Ghana's second largest oil field, TEN, achieved first gas output in August 2017, barely a year following first oil production in 2016. This year, Ghana Group lifted 4 cargoes of crude oil totalling 4.04 million barrels from the field, from about 1 million barrels lifted the previous year.

The field comprisesa the Tweneboa, Enyenra and Ntomme (TEN) discoveries and holds recoverable reserves estimated at 245 million barrels of oil and 365 bcf of gas.

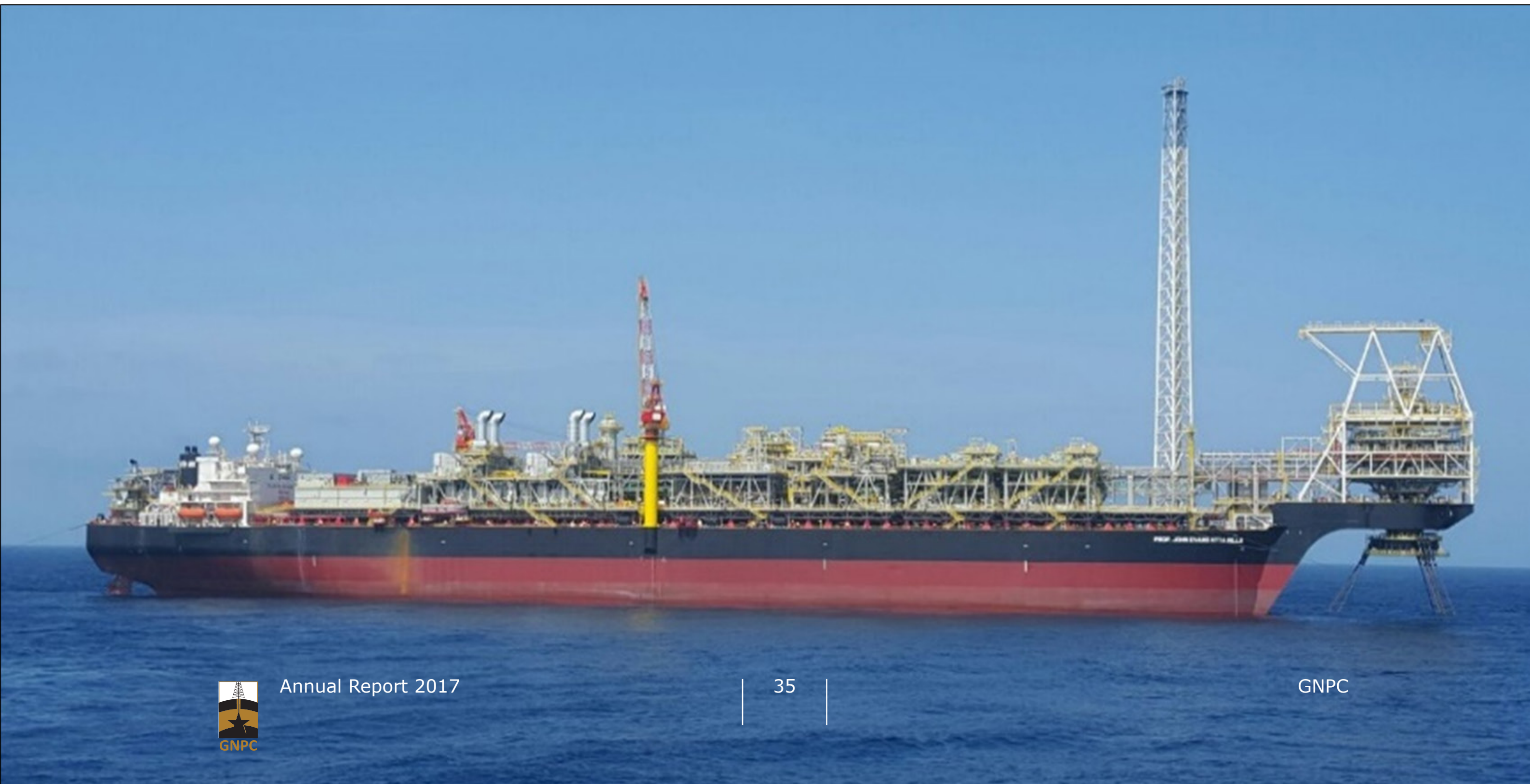
New planned activities within TEN through the first three quarters of the year were hampered by the 2016 drilling injunction enforced by the International Tribunal for the Law of the Sea (ITLOS) as a result of the maritime boundary impasse between Ghana and Cote D'Ivoire.

In December, GNPC and the TEN partners signed the Gas Sales Agreement for the sale and purchase of TEN associated gas deliveries, to facilitate continuous gas export from TEN expected to start in Q2 next year.

The partners also commissioned a temporary TEN-Jubilee bulk gas import facility to enable import of up to 40 mmscfd of gas from the Jubilee field for fuel and storage. This intervention was necessary to prevent Jubilee oil choke back due to gas export or injection constraints on the Atuabo processing plant and injection riser.

The field, during the year, averaged daily oil output of 56,034.46 barrels while gas production from the field averaged 73.47 mmscfd. Gross remaining reserves from TEN at the end of the year stood at 214 million barrels of oil versus remaining gas reserves of 396 billion standard cubic feet.

First Gas achieved on 17 August, 2017



The Sankofa Gye-Nyame Project

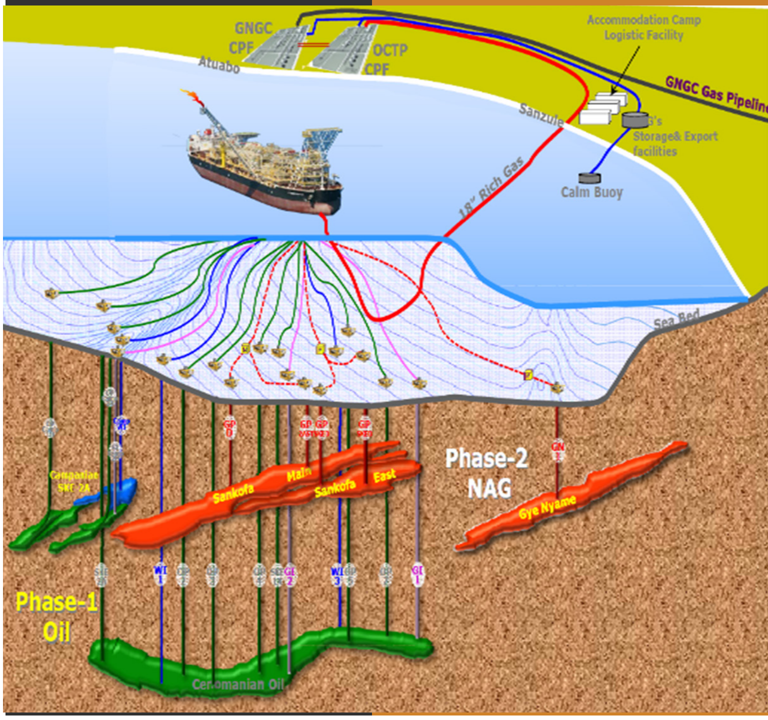


Figure 15: The Sankofa Gye-Nyame Project

First oil from the Offshore Cape Three Points (OCTP) project was achieved on 20 May, 2017 (three months ahead of schedule and within budget. This was achieved less than three years after approval of the PoD).

The integrated Sankofa Gye-Nyame development is Ghana's third major offshore oil and gas asset, projected to hold approximately 1.15 trillion cubic feet of gas-in-place and an estimated 131 million barrels of oil reserves.

The Sankofa gas project has the capacity to supply up to 180 mmscfd of high calorific gas to power plants for over 13 years of plateau period and is expected to generate about 1,100 MW of power on a combined cycle basis. Beyond peak supply, the Sankofa gas field will still produce gas at declining rates for the rest of the 18-year license period.

This year, a total of eleven (11) development wells were drilled and completed in the OCTP license area, contributing to the achievement of the first oil milestone in May. The field produced a total of 5,116,672.78 barrels of oil this year. At the end of the year, the project achieved cumulative overall work progress of 90.9 percent against the target of 87 percent.

This reflected significant progress chalked particularly on the physical FPSO, Subsea Production Systems and Risers and Flowlines as well as Development and Completions. Progress on the Onshore Receiving Facility and gas export were constrained by contractual complexities.

Over the course of the year, GNPC and the OCTP partners, ENI Ghana and Vitol intensified efforts aimed at ensuring readiness of both gas seller (ENI/Vitol) and buyer (GNPC) facilities to handle and offtake gas respectively ahead of first gas output next year.

To this end, GNPC progressed gas supply arrangements with Cenpower and VRA, with a view to securing sufficient off-take capacity for Sankofa gas in 2018. GNPC also initiated discussions on a gas sales agreement with Karpower to support offtake of contracted Sankofa gas volumes. The Corporation also accelerated the negotiation of competitive gas transportation terms with WAPCo for the reverse shipment of gas through the WAGP from Takoradi to Tema and initiated discussions with GNGC for gas transmission through the GNGC Atuabo-Aboadze line.

90.9percent Overall Project Progress by end of 2017

First Oil achieved on 20 May, 2017

OTHER PETROLEUM RELATED ACTIVITIES

Gas-to-Power Commercialisation

Gas business represents an economic game-changer in Ghana's industrialisation agenda in line with the national goal of developing an integrated, secure and reliable fuel supply system to enhance long-term energy security, within the shortest possible time.

As the national Gas Sector Aggregator, GNPC is responsible for synchronising the upstream supply of gas with readiness of the downstream market to receive gas. This year, we advanced discussions with gas stakeholders towards the development of a robust national gas system and necessary disposal infrastructure in relation to the huge take-or-pay commitments upstream. Throughout the year, we also continued to work closely with the OCTP contractors, monitoring progress of work (including costs) on the Sankofa Gye-Nyame development, to ensure that both oil and gas projects are delivered to specification.

Downstream, we intensified GSA negotiations with Cenpower and commenced gas supply discussions with eligible off-takers for Sankofa gas, VRA and Karpower, towards, establishing a ready gas-to-power market for our gas. Additionally, GNPC continued engagements with WAPCo and Ghana National Gas Corporation with a view to agree on terms of gas transportation through the WAGP and Atuabo-Aboadze line respectively.

Liquefied Natural Gas (LNG)

In September, GNPC Management in collaboration with the Ministry of Energy, completed the negotiation of a new 12-year landmark liquefied natural gas supply and purchase agreement with Gazprom, which will add approximately 1,000MW to the national power supply. GNPC is making no capital contribution to the LNG project. The project dubbed the Tema LNG Project will be stationed in Tema, regasifying LNG for use by independent power plants and gas purchasers downstream. Gazprom Marketing and Trading Ltd, Helios Investment Partners and Gasfin Development and Blystad Energy Management constitute the project consortium.

SUBSIDIARIES, JOINT VENTURES & JOINT OPERATING COMPANIES

Investments across the energy value chain continue to strengthen GNPC's portfolio of assets. As previously mentioned, we strive to leverage key alliances and strategic partnerships intended to develop core upstream management capacities.

GNPC - Exploration and Production Company (Explorco)

The establishment and operation of Explorco aligns with our operatorship ambitions as our commercial arm is positioned to benefit directly from technology and skills transfer to enhance GNPC's operating capability.

Explorco currently holds commercial stakes in various licenses in Ghana's offshore basins as outlined below.

Table 12: GNPC - Exploration and Production Company (Explorco)

Project Name / Contract Area	Interest Holding
South Deep Water Tano	24.00percent
Expanded Shallow Water Tano Block	22.50percent
Deep Water Tano/Cape Three Points	10.00percent
Ultra Deepwater East Keta Block	11.60percent
Offshore South West Tano	8.80percent
Deep Water Cape Three Points West Block	4.35percent
West Cape Three Points Block 2	5.00percent
Cape Three Points Block 4	4.00percent

GNPC Marketing and Trading Company (Tradco)

Efforts to incorporate GNPC's trading arm, Tradco, until now conceived to trade crude oil, refined products, natural gas and natural gas liquids, as a subsidiary, were discontinued in 2017 as Management opted to focus primarily on GNPC's pursuit of operatorship.

2017 heralded a new heavy fuel oil (HFO) supply deal with Litasco for the supply of HFO to Karpower. Under the terms of this new deal, Litasco provided guarantees to backstop the Electricity Company of Ghana (ECG) fuel payment default.

GNPC-Technip Engineering Services (GTES)

In its seventh year of operation, GNPC-Technip Engineering Services (GTES) is a joint venture between GNPC and Technip Offshore International SAS. GNPC holds a 30percent interest in the joint venture with an option to buy as much as 21 percent of the company, after seven (7) years of incorporation. The engineering services subsidiary was formed to expose GNPC personnel to innovative technologies, processes and core engineering capabilities upstream, as well as project management competencies.

Key projects executed by GTES in 2017 include works involving the OCTP onshore receiving facility, jumper replacement and riser and umbilical integrity testing.

GNPC Foundation

The GNPC Foundation, headquartered in Takoradi, is the arm of the Corporation's Sustainability department spearheading GNPC's CSR activities. The GNPC Foundation was set up to expand the scope of the then GNPC Oil & Gas Learning Foundation (GNPC-OGLF) beyond education and training, to emphasise the role and function of CSR within the corporate agenda. This modification aligns well with new thinking about enhancing the nation-wide impact of sustainability through local content development and participation. As part of its core mandate, the GNPC Foundation also undertakes development-oriented corporate social responsibility activities.

The GNPC Foundation is funded by GNPC. Through the GNPC Foundation, a considerable number of beneficiary scholars advanced their education at accredited public tertiary institutions both locally and abroad in Science, Technology, Engineering and Mathematics (STEM) subjects and industry-based Master's degree disciplines. Among the key achievements chalked by the Foundation in 2017, were the construction of boreholes, classroom blocks and sanitary facilities, the award of scholarships to deserving students and sponsorship of training and conference programmes.

OUR PEOPLE

Our people strategy ensures that we have the right organogram and the right people with the relevant capabilities to grow our business. The increase in recruitment across our business is consistent with expansion of our activities into new and varied business areas, both geographically and across the energy value chain. Staff strength as at the end of the year stood at three hundred and sixty-seven (367), up 20 percent from 2016 as the Corporation continued to develop institutional capacity and embrace diversity. In 2017, we redoubled efforts towards empowering leaders and enhancing the general well-being of staff.

Work-life balance is important to our human resource development agenda. We want our staff to be healthy and incentivised to achieve more each year. Every member of staff should be proud to be a part of the exceptional talent pool at Ghana's national oil company.

In 2018, we will focus our people plan on developing the right culture, innovation and effective systems and processes. We will break ground for the construction of the proposed new Research and Technology Laboratory, expected to house a Centre of Excellence. It promises to drive creativity and innovation to support GNPC's world-class ambitions.

Ultimately, we seek to transform GNPC into the preferred employer in Ghana. This calls for effective engagement and consolidation of ideas among Management and staff to determine the right organisational best practices.

In 2017, we continued to pursue petro-technical and business programmes, secondments with JV Partners, seminars, workshops, conferences and other soft skills development programmes to upgrade the skills and competencies of our people to the level of our peers. The table below shows the distribution of staff strength across the Corporation over the past five years.

Table 13: Staffing Position

Staffing Position

	2013	2014	2015	2016	2017
Management Staff	10	14	18	22	26
Senior Staff	211	218	237	253	303
Junior Staff	31	34	34	32	38
Total	252	266	289	307	367

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We believe that optimising potential socio-economic benefits of petroleum exploitation for lasting developmental effects aligns with our developmental mandate. Our well-thought-out CSR strategy promises to enhance our positive impact on frontline communities and external stakeholders and improve GNPC's social performance.

This year, we established a new Sustainability department to drive GNPC's CSR operations. Our CSR model is based on the following thematic areas; Education and Training, Economic Empowerment, and Environment and Social Amenities.

GNPC continues to sponsor the focused education and training of Ghanaians in the Science, Technology, Engineering and Mathematics (STEM) subjects. We are catalysing the creation of an appropriate environment to enhance Ghanaian participation in the local oil and gas industry. As part of our CSR initiatives, we remain committed to our social performance, sponsoring sustainable improvement in the health and welfare of Ghanaians across local communities.

Over the course of the year, our Sustainability department delivered several CSR projects including the following important achievements:

- In line with our commitment to improving the quality of lives, we sponsored the rehabilitation of sanitary facilities at the Kwame Nkrumah University of Science and Technology (KNUST).
- GNPC sponsored the 2017 Local Content Conference and Exhibition which was organised by Petroleum Commission in Takoradi.
- We completed the construction of a 6-unit classroom block and ancillary facilities each for Half-Assini Methodist JHS, Nkroful Nyaneba Basic, Adelekezo Basic and Dixcove Salvation Army, bringing the total number of classroom blocks constructed by GNPC in the Western Region to 45 units in five districts across the region.
- The year also saw Hess-GNPC award 125 educational sponsorships to deserving scholars in the Western region, marking the sixth intake under the HESS-GNPC Scholars Programme, since 2012.
- Provided computer laboratories in six (6) schools within the Jomoro Municipal, Elembele and Nzema East districts
- GNPC financed the Phase 1 construction of a $4.5 million modern Kumasi Sickle Cell Blood and Treatment Centre to provide services to sickle cell patients and blood transfusion for persons in need of blood products at Komfo Anokye Teaching Hospital and other health facilities.
- GNPC provided sponsorship support to the GNPC Ghana's Fastest Human, 2017 event.

KEY CORPORATE CHALLENGES

Production

In 2017, GNPC and the Jubilee contractors continued the implementation of the FPSO Turret Remediation Project towards resolving the turret bearing damage of the FPSO Kwame Nkrumah. The turret issue adversely affected both oil production and gas export from the field which, while seeing considerable improvement from 2016, has not fully restored 2015 output levels. Jubilee's production shortfall was however supplemented by oil and gas production from the TEN fields with some support from Sankofa – Gye Nyame. The combined effect of the production trends from all three fields was an overall rise in production over the previous year.

Lower Oil Price Regime

While the oil price has seen an overall rise over the last two years, the Corporation continued to operate within a lower oil price environment ranging between US$40 – US$60 per barrel in 2017. The general industry consensus is that this is a more sustainable price regime than in previous years. While this may limit challenges associated with price volatility, the Corporation will need to factor in more moderate prices and related revenue effects in its medium-term planning activities.

Dysfunctional Gas System

The Corporation has continued to face significant payment risks with respect to fuel supplies to the midstream gas and downstream power sectors. The lack of payment for fuel supplied has served to reduce the Corporation's ability to meet its own obligation to the JV Partners (suppliers) upstream, and restrict its investment capacity and ability to raise capital. This reflects the general problem of the indebtedness of the energy sector agencies in the country, ultimately threatening the proper functioning of the national gas system.

Given the linked nature of projects and investments, the commercial viability of institutions in the energy value chain are critical to building a viable and effective industry. These challenges have been compounded by the uncertainty in respect of institutional functions at the regulatory and commercial levels which heighten both governance and operational risks in the industry.

To this end, in 2017, GNPC co-operated with policy makers and other stakeholders to formulate and execute suitable solutions to both the sector debt and institutional alignment issues.

Quality of Joint Venture Partners

Despite being the national entity mostly directly involved in commercial upstream petroleum activities, the Corporation has historically had limited control over the selection of some of its partners. As a result, some partners have been unable to fulfil agreed obligations to the detriment of both the Corporation and the State.

Considering the Corporation's strategic quest for operatorship, it is imperative that GNPC partners entities with the right strategic fit, technical competence, financial strength and commercial capability. It is therefore critical that the need to build effective strategic partnerships for GNPC, is backed by policy.

RISK MANAGEMENT

We have identified the following key risks as critical to our business operations in 2017. These risks, if not managed properly can impact our cash flows, finances, operating outcomes, reputation and our people.

Oil Price Volatility

Commodity price volatility reduces our cash flows and asset value. We expect oil prices to trend higher over the short to medium term. Our foray into gas holds the promise of gains from diversification. GNPC prides itself on its prudent approach to cost management and capital discipline amidst a volatile oil price environment.

Credit Risk

We face significant credit risks due to poor financial position of downstream players as well as a dysfunctional power sector payment system. Electricity Company of Ghana's (ECG) delinquency on its bills from power producers mean IPPs are failing to settle invoices from fuel suppliers. As a result of ECG not being able to pay for electricity contracted, Ghana National Gas Corporation (GNGC) is heavily indebted to GNPC for gas sold. GNPC's huge take-or-pay liabilities associated with upstream gas off-take therefore places us at-risk.

The Ministry of Energy is working on the cash waterfall mechanism for the sector but this is not expected to be in place until 2019, leaving the Corporation exposed to the power sector. We are ensuring that our downstream counterparts in our gas supply agreements provide some measure of payment guarantees to reduce our exposure downstream.

Production Loss

Production loss is also a major risk item that affects revenues and overall impact on operations. Such risks have previously materialised in respect of Jubilee production. The Corporation has taken steps to procure loss of production income insurance (LOPI) aimed to mitigate production risks.

Policy Uncertainty

Lack of clarity of the roles of GNPC and GNGC in the gas-to-power value chain threaten to further complicate national readiness to manage the country's gas system. The negotiated OCTP gas contract anticipated GNPC's role as national gas aggregator, interfacing directly with the upstream sellers and downstream buyers (IPPs).

We continue to engage with the Ministry of Energy, reinforcing the critical need for us to sell gas directly to downstream end-users. GNPC's ability to fulfil its huge upstream commitments would otherwise be jeopardised if the Corporation cannot enforce its rights downstream. Moreover, multiple entities in the gas-to-power value chain would only add to transaction cost and perpetuate the current situation where no entity feels responsible to pay for gas sold.

OUTLOOK AND STRATEGY FOR 2018

In 2018, GNPC will progress activities in pursuit of its overarching ambition to become a standalone operator by 2019 and a world class operator by 2027. This goal will be driven by a revitalised Voltaian Basin Project as the main vehicle to establish institutional operating capabilities and support business growth.

In addition to advancing our core petroleum projects, our work programme will emphasise gas business downstream. We will continue to invest direct resources towards establishing the readiness of the national gas system to handle our gas resources. We will also work to conclude outstanding and necessary commercial agreements related to gas supply arrangements and gas infrastructure requirements. Also, work on the contracted Tema LNG project is expected to be advanced in 2018.

Looking ahead, we expect to complete a comprehensive review of our existing (2012 – 2020) Corporate Plan. Findings from this exercise are expected to inform strategic imperatives which will guide Management's decisions on corporate strategy.

We will continue to accelerate implementation of the strategic initiatives underlying GNPC's Accelerated Growth Strategy, including safeguarding our financial independence without sacrificing the need to balance commerciality with sustainable development of petroleum resources. GNPC expects to continue to scout for potential new business arenas and explore strategic partnerships in such new areas, with a view to secure financial independence in the medium-term.

Our Sustainability department will continue to engage in high-impact activities that create lasting socio-economic effects, while ensuring that the people of Ghana and local entities are adequately empowered to capitalise on opportunities within the energy value chain.

We remain confident that the recovery in oil prices this year will be sustained in 2018, ceteris paribus, in line with global forecasts as global demand outpaces other factors.

We are confident that conflicting policy signals surrounding GNPC's expanded role as national gas aggregator will be clarified next year ahead of Sankofa first gas deliveries, paving the way for the smooth operationalisation of the national gas system.

On production, the Corporation will continue to focus on a permanent solution to the Jubilee FPSO turret damage to support maximum production levels. We will continue to closely monitor output from TEN and Sankofa to ensure that operations are optimal.

In 2018, we will continue to invest in the development of our exceptional people and exercise discipline in the management of capital resources. These measures are critical to grow GNPC's business and expand its activities.

Going forward, innovation is expected to drive operational excellence and sustain our competitive advantages in the global oil industry. To this end, we will devote resources towards the construction of a GNPC Research and Technology Centre in 2017.

We hope to employ an aggressive stakeholder engagement strategy to promote our corporate agenda, focusing on strengthening our relationships with State stakeholders, partners and contractors.

CORPORATE GOVERNANCE

Our Board and Management Team

The Board of Directors of GNPC is appointed by Government to oversee the performance of Management and governance of the Corporation in the delivery of approved corporate objectives and set targets.

PNDC Law 64 mandates the Board to exercise "general control of the management, property, business and funds of the Corporation and any other affairs and concerns thereof."

The Managing Director as Chief Executive of the Corporation (heading a team of management staff), is subject to the directions of the Board and responsible for the day-to-day business of the Corporation, the implementation of the policies and decisions of the Board and for the administration, organisation and control of the Corporation's employees.

The eighth Board which was constituted in 2017 governed the direction and operations of the Corporation in 2017.

Composition of the Board

The seven-member Board of GNPC in 2017 consists of eminent personalities and independent industry professionals, with vast experience and credibility that provide the necessary policy direction and leadership to guide GNPC through the next phase of its accelerated growth strategy.

Board Committees

The Board is structured in a manner to enable it to add value to the Corporation and shareholders through its composition, size and the commitment of all of its members. For effectiveness and efficiency of operations, the board is further divided into separate committees. The GNPC Board has the following committees, each member of the board belonging to at least one committee:

- Audit
- Technical Operations
- Legal and Governance
- Finance and Commerce
- Human Resource and Administration
- Brand, Communication and Corporate Social Responsibility.

Balance and Independence

The Board recognises the unique and appropriate balance of power between the Executive and the Non-Executive Directors of the Corporation with the view to governing the Corporation effectively and promoting shareholder interests. All the members of the Board, with the exception of the Chief Executive, are Non-Executive. The roles and responsibilities of the Board Chairman are separate and independently defined. The Board is responsible for providing leadership, setting the strategic objectives and key policies, and ensuring appropriate resources are in place to enable the Corporation to meet its objectives. The Board of Directors also reviews the Corporation's performance and oversee the Corporation's internal control systems.

The Chairman is responsible for encouraging debate and constructive criticism, speaking and acting for the Board and interfacing between the Board and the shareholder. Whilst the Board takes responsibility for policy and strategy issues, management's responsibility is to ensure effective and efficient implementation of those policies and strategies as designed by the Board.

The 2017 financial year saw effective interaction of these responsibilities in a collaborated effort which drove the Corporation forward within a difficult operating environment.

BOARD MEMBERS

GNPC 8th Board
From May 2017

Chairman

HON. FREDDIE BLAY

Hon. Freddie Blay was appointed to the GNPC Board as Chairman in May 2017. He is a Legal Practitioner by profession, called to the bar 40 years ago, and is currently the Senior Partner, of Blay & Associates.

Hon. Blay is also the Chairman of the ruling New Patriotic Party. Before acting as Chairman of NPP, he was elected as First Vice Chairman of the Party from 2014 to 2015. He served as Member of Parliament ("MP") for the Ellembelle Constituency from 1997 to 2008, on the ticket of the Convention People's Party (CPP). Whilst serving as an MP, he was elected as second Deputy Speaker of Parliament from 1997 to 2001 and first Deputy Speaker from 2001 to 2008. He previously served as the Chairman of the Appointments Committee of Parliament, Member of the National Institutional Renewal Programme, Member of Sub-Committee on Members Holding Office for Profit Form, and Member of the Sub-Committee on Food and Agriculture.

He has served on various boards and quite recently, as the Chairman of Ghana Oil Company Limited (GOIL) where he helped steer the company to its eventual listing on the Ghana Stock Exchange. He is currently the Chairman and majority shareholder of Western Publications Limited.

Hon. Blay has been a seasoned and acclaimed politician at all levels for many years and a well-established political activist and strategist, with a track record of being a dynamic but fair leader seeking the progressive development of the socioeconomic growth of the Republic of Ghana.

Chief Executive/ Member

DR. KOFI KODUAH SARPONG

Dr. K. K. Sarpong was appointed CEO of GNPC on 23 January, 2017.

Dr. Kofi Koduah Sarpong is an astute business executive with over thirty-four (34) years' experience at various senior management levels in over eight (8) companies. He has built his corporate leadership credentials over the period by serving on the Boards of twenty-one (21) different companies and organisations. Until 2016, Dr. Sarpong was the Chief Executive of The Global Haulage Group, and the Chairman of the Boards of both The Royal Bank Ltd and Imperial General Assurance Ltd.

He previously, served as Deputy Managing Director and subsequently Managing Director of Tema Oil Refinery (TOR) between 2004 and 2009. Between 1993 and 1998, Dr. Kofi Koduah Sarpong served as the Deputy Chief Executive of Ghana Cocoa Board. He also served as Deputy Chief Accountant, Chief Accountant and subsequently General Manager of the Ghana Food Distribution Corporation between 1983 and 1990.

He has broad international experience having worked in the International Cocoa Organisation in London for many years.

A Chartered Accountant, Dr. Sarpong holds a Doctor of Philosophy (PhD) degree in Industrial & Business Studies, a Master of Arts (MA) in Ministry, a Master of Accountancy (M.Acc) and a Bachelor of Science (B.Sc.) in Business Administration.

Naa Professor J.S. Nabilla is the Paramount Chief of the Kpasenkpe Traditional Area in the Northern Region of Ghana and a Geologist by profession.

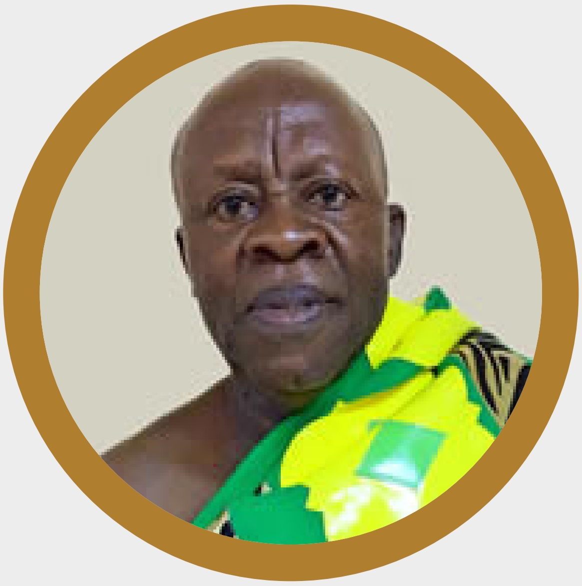
Professor Nabilla was formerly the President of the National House of Chiefs. He has chaired and been a member of several academic and government committees.

He has over 40 publications to his credit, which span across peer review articles, special research reports, book chapters and monographs to his credit.

Professor Nabila holds a BA, an MA and a PhD in Geography.

Member

WULUNGUNABA PROF. J.S. NABILA



Ogyeahoho Yaw Gyebi II, appointed to the GNPC Board in May 2017, is the paramount chief of the Sefwi Anwhiaso Traditional Area, and currently the President of the Western Regional House of Chiefs.

Nana, a chartered accountant by profession, has over 35 years of career experience in senior roles spanning finance, banking and education, in Ghana and internationally. Nana has served on various boards as a Chairman and as member of various

Member

OGYEAHOHO YAW GYEBI II

Member

MARTIN KWABENA KWAKYE

Mr. Martin Kwabena Kwakye was appointed to the GNPC Board in May 2017. He is a journalist and communication consultant by profession and is currently the General Manager at Oman FM and Director of Radio for Kencity Media.

Mr. Kwakye has served as a member of the Presidential Press Corp. for many years and worked closely with the presidential media outfit in the area of Research and Intelligence Gathering and covered several international assignments including, AU, UN and G20 Summits as well as presidential visits.

Mr. Kwakye holds a Bachelor of Arts degree (Linguistics Major) and a Commonwealth Executive Masters in Business Administration (CEMBA) and has certificates in Journalism from the Ghana Institute of (GIJ) and the British Broadcasting Corporation (BBC).

He is presently consulting for the Ghana Revenue Authority (GRA), Ghana Free Zones Board, the E. O. Group and Ghana Institute of Freight Forwarders among others.

Member

NANA ADJOA HACKMAN

Ms. Nana Adjoa Hackman is the corporate legal practitioner and Managing Partner of Africa Legal Associates in Accra, specialising in corporate governance, banking and petroleum law. She was, until August 2016, the Head of the Legal Department and Company Secretary for United Bank for Africa (Ghana) Limited.

Ms. Hackman has researched and published a number of articles on the petroleum industry. She also has an intelligence background and advises on matters to do with security. She has also provided consultancy on many corporate issues.

She is a member of the Ghana Bar Association, the Society for Petroleum Engineers and the Energy Institute.

Member

YAW KYEI

Mr. Yaw Kyei is an Agricultural Economist by profession, with over 30 years' experience in senior management roles spanning various sectors of the economy including banking.

He is currently the Managing Director of Transroyal Ghana Limited, a Licensed Cocoa Buying Company. Previously, he has served as the managing director of UNICORP and as Commercial Manager for Ghana Food Distribution Corporation. He holds directorships on Transroyal Ghana Limited, Integrated Agro Services Limited and Cocoa Partners Foundation.

Mr Kyei holds a Bachelor of Science in Administration Degree, a Diploma in Marketing, and General Management and a Graduate Diploma in Agricultural Economics.

Board Secretary

MATILDA OHENE

Ms. Matilda Ohene was appointed as Board Secretary in May 2017. A finance professional, she has over 27 years of senior management experience spanning various sectors; mining, healthcare, financial management, auditing and diplomacy.

She has varied international management experience from her work in Guinea, Tanzania, Burkina Faso, South Africa and the United Kingdom. She also serves on the boards of Trinity Insurance Brokers, Media.com, and Infinity970. Matilda is also the Executive Secretary of Corporate Initiative Ghana, organisers of the Ghana Banking Awards.

Ms. Ohene holds leadership roles in the Presbyterian Church. She has served as the Finance Director of the Osu Presbyterian Church for nearly two decades and also on major committees of the headquarters of the church.

Ms. Ohene is a Chartered Accountant and holds a BA Hons. in Finance and Accounting and an MBA in Finance. She is a fellow of the Association of Chartered Certified Accountants (ACCA) in the UK and a member of the Institute of Chartered Accountants (Ghana).

EXECUTIVE MANAGEMENT TEAM

Chief Executive,
General Managers
and Managers

Chief Executive

DR. KOFI KODUAH SARPONG

Dr. K. K. Sarpong was appointed CEO of GNPC on 23 January, 2017.

Dr. Kofi Koduah Sarpong is an astute business executive with over thirty-four (34) years' experience at various senior management levels in over eight (8) companies. He has built his corporate leadership credentials over the period by serving on the Boards of twenty-one (21) different companies and organisations. Until 2016, Dr. Sarpong was the Chief Executive of The Global Haulage Group, and the Chairman of the Boards of both The Royal Bank Ltd and Imperial General Assurance Ltd.

He previously, served as Deputy Managing Director and subsequently Managing Director of Tema Oil Refinery (TOR) between 2004 and 2009. Between 1993 and 1998, Dr. Kofi Koduah Sarpong served as the Deputy Chief Executive of Ghana Cocoa Board. He also served as Deputy Chief Accountant, Chief Accountant and subsequently General Manager of the Ghana Food Distribution Corporation between 1983 and 1990.

He has broad international experience having worked in the International Cocoa Organisation in London for many years.

A Chartered Accountant, Dr. Sarpong holds a Doctor of Philosophy (PhD) degree in Industrial & Business Studies, a Master of Arts (MA) in Ministry, a Master of Accountancy (M.Acc) and a Bachelor of Science (B.Sc.) in Business Administration.

Chief Finance & Administration Officer

COMFORT ANIAGYEI

Mrs. Comfort Aniagyei was appointed Director of Finance in 2002.

Mrs. Aniagyei has extensive experience across finance and management and has worked in various organisations. She has built up considerable experience in finance from the UK and Ghana. In GNPC, she assumed a strategic role in the overall financial management of the company and has worked consistently for the Corporation for over 22 years, establishing impressive expertise in her chosen field. She has been the Director of Finance since 2002, having been elevated from the position of Principal Cost Accountant in 1994. In her current capacity, Comfort provides leadership to the Corporation's Finance and Accounting strategy, optimising GNPC's financial performance and strategic position.

Mrs. Aniagyei is a professional Accountant and holds an MBA in Finance. She is a member of the Institute of Chartered Accountants (Ghana) and the Chartered Institute of Management Accountants, UK (CIMA).

General Manager (Technical)

JAMES YAMOAH

Mr. James Yamoah is a Geoscientist with over 10 years' experience in exploration. He is a Senior Geologist and the Team Lead of both the Springfield Block Tano West Cape Three Points basin and the Heritage Offshore South West Tano Basin projects at GNPC.

Mr. Yamoah has professional experience in stratigraphic interpretation using well data in deep water depositional environments. He is an authority on Depositional Environment interpretation and Petrophysics. James has international industry experience from Lukoil Overseas Offshore Projects Inc. in Houston, USA.

He has a MSc. in Petroleum Geoscience and a Bsc. in Geology.

Mr. Yamoah is a PETRAD graduate and member of the Society of Exploration Geophysicists (SEG), Ghana Institute of Geoscientists (GHIG), European Association of Geoscientists and Engineers(EAGE), and American Association of Petroleum Geoscientists (AAPG).

General Manager (Sustainability)

DR. KWAME BAAH-NUAKOH

Dr. Kwame Baah-Nuakoh has varied experience in academia, consultancy, media, sports administration and banking. He has been consulting extensively for the National Development Planning Commission (NDPC, Ghana), African Centre for Economic Growth (ACEG) and International Institute for Communication and Development (IICD, Netherlands).

Kwame until recently, was the Senior Vice-President and Head of Marketing, Research and Corporate Affairs at The Royal Bank Ltd with additional responsibility for managing its Corporate Strategic Planning. He was also the Director of Operations of The Royal Bank Foundation.

Kwame is a Member of the Chartered Institute of Bankers (Gh), has BA degree in Economics an MPhil in Economics a PhD in Sports Finance.

General Manager (Commercial)

JOSEPH ABUABU DADZIE

Joseph Abuabu Dadzie was appointed as General Manager (Commercial) in July 2017 and is an experienced Financial and Management executive with over 25 years of Oil & Gas, Banking and Telecommunications industry experience, both locally and internationally.

Until 2016, Joseph was an Executive Director of Woodfields Energy Resources Ltd. He has held other senior positions in the communication industry and was a core member of the team that set up Surfline Communication Ltd. which rolled out the first ever commercial deployment of Long Term Evolution (4G LTE) network in Ghana. He also previously worked at the Marketing Division of GNPC and the Standard Chartered Bank, Ghana.

He has served on several Boards and currently serves on the Board of Trustees of The Makers' House Chapel International.

Mr. Dadzie holds a BSc (Hons) degree in Chemical Engineering and a MBA in Finance.

General Manager (Geosciences)

BEN ASANTE

Mr. Benjamin Asante is a seasoned Geologist with over 29 years of practical upstream experience in the oil and gas industry. He joined GNPC in 1990 and rose through the ranks from Assistant Geophysicist to the office of General Manager of the Geoscience department which he held in 2017.

Over the years, Benjamin has, to his credit, acquired world-class technical experience in seismic data acquisition and interpretation, prospect generation, and well-site geological dynamics. He plays a lead role at the forefront of oil exploration and production activities in the country, in addition to his immense contributions to the development of Ghana's petroleum sector in the area of oil and gas policy review and formulation.

He holds an M.Sc. in Hydrocarbon Exploration from the University of Aberdeen, Scotland, a Post-Graduate Diploma in Exploration Geophysics from the University of Trondheim, Norway, an LLB from the Ghana Institute of Management and Public Administration and a B.Sc. in Geological Engineering from the University of Science and Technology, Ghana. Benjamin has successfully participated in several petro-technical courses, conferences and workshops world-wide and holds a certificate in International Petroleum Management from the Institute for Petroleum Development Inc., Austin, Texas as well as a certificate in Seismology and Earthquake Engineering from China.

General Manager (Projects)

ISAAC BOTCHWAY

Isaac Annan Botchway was appointed Technical Advisor effective January 2016. Prior to his appointment, he was the acting Geology Manager. Mr. Botchway brings 30 years of experience in Petroleum Exploration in West Africa and the world at large. He was very instrumental in the Discovery of Jubilee, a world class deepwater field, which opened Ghana to upstream commercial petroleum production. He represented GNPC at the Integrated Project Team that developed the Jubilee Discovery in a record time of 18 months. His technical competence secured him a consultancy role to advise the Ministry of Hydrocarbons of Sierra Leone which led to the drilling of an offshore deepwater well.

Isaac's leadership and coaching skills is backed-up by serving as Operational Geologist for more than 100 wells drilled offshore Ghana between the period of 1988 to 2017. These skills and experience have enabled him to mentor and build strong technical staff for GNPC's Geology and Geophysics departments. Some of these young Geoscientists have grown to hold influential positions in the industry. His deep understanding of Ghana's Petroleum Agreement Model made him participate and lead decision making at Technical Committee Meetings and Joint Management Committee Meeting held between GNPC and International Oil Companies.

He acquired his Bachelor of Science degree in Geology with Physics from the University of Ghana in 1988. His desire for academic excellence made him pursue Master of Science in Petroleum Geoscience at Oxford Brookes University in the UK. Mr Botchway is a member of the prestigious Ghana Institute of Geo-Scientist (GhIG) and American Association of Petroleum Geologist (AAPG). His well-researched post-graduate Thesis Work on Ghana's Offshore Tano Sedimentary Basin informed and attracted Kosmos Energy into Ghana.

General Manager (Administration)

MATILDA OHENE

Ms. Matilda Ohene was appointed as Board Secretary in May 2017. A finance professional, she has over 27 years of senior management experience spanning various sectors; mining, healthcare, financial management, auditing and diplomacy.

She has varied international management experience from her work in Guinea, Tanzania, Burkina Faso, South Africa and the United Kingdom. She also serves on the boards of Trinity Insurance Brokers, Media.com, and Infinity970. Matilda is also the Executive Secretary of Corporate Initiative Ghana, organisers of the Ghana Banking Awards.

Ms. Ohene holds leadership roles in the Presbyterian Church. She has served as the Finance Director of the Osu Presbyterian Church for nearly two decades and also on major committees of the headquarters of the church.

Ms. Ohene is a Chartered Accountant and holds a BA Hons. in Finance and Accounting and an MBA in Finance. She is a fellow of the Association of Chartered Certified Accountants (ACCA) in the UK and a member of the Institute of Chartered Accountants (Ghana).

Director of Human Resources (HR)

NAA BORTEI-DOKU

Mrs. Bortei-Doku joined the Corporation as the Director of Human Resources in 2013. She has a track record spanning over twenty-two years of results driven achievements in Team Leadership and Management, Recruitment and Change Management, Training & Employee Relations, Performance Management and Project Management. She has extensive international exposure and experience in diverse industries including consumer goods and petroleum.

Prior to joining GNPC she was involved in the implementation of Human Resource Management Policies, Strategies, and Organisational Development at the Commonwealth Secretariat in the UK, Unilever Ghana, Total Petroleum Ghana, and the National Petroleum Authority.

Edward Ababio
Manager, Reservoir & Production Engineering

Richard Addo-Darko
Ag. Manager, Research & Data

Samuel Addoteye
Manager, HR

Albert Akowuah
Ag. Manager, Corporate Strategy

Kobina B. Amissah-Arthur
Manager, Well & Facilities Engineering

Anthony Kobina Ampofo
Manager, Project Finance

Ebenezer Apesegah
Manager, Geology

Dennis Baidoo
Manager, Marketing

Jennifer Boateng
Manager, HR

MANAGEMENT TEAM

Carmen Bruce-Annan
Manager, Corporate Affairs

Kwesi Krasi Eyiah
Manager, Accounting & Reporting

Reginald Lathbridge-Darkwa
Manager, General Services

Samuel Ledo
Chief Procurement Officer

Godfred Ofori-Som
IT Manager

Dr. Patrick Ofori
Manager, Sustainability

Cherrison Shooter
Manager, Corporate Finance

Victor Sunu-Attah
Manager, Development & Production

Nicholas Tetteh
Manager, Internal Audit

Adwoa Wiafe
Manager, Legal

FINANCIAL STATEMENTS

Contents

GHANA NATIONAL PETROLEUM CORPORATION

CORPORATE INFORMATION
31 DECEMBER 2017

BOARD OF DIRECTORS	Mr. Freddie Blay	Chairman
	Dr. Kofi Koduah Sarpong	Chief Executive
	Ogyeahohoo Yaw Gyebi II	Member
	Mrs. Nana Adjoa Hackman	Member
	Mr. Kwabena Kwakye	Member
	Mr. Yaw Kyei	Member
	Prof. John S. Nabila	Member
	Mr Felix Addo	Chairman (Resigned 3 January 2017)
	Mr Alexander K. M. Mould	Ag Chief Executive (Resigned 3 January 2017
	Awulae Attibrukausu III	Member (Resigned 3 January 2017)
	Mrs. Anita Lokko	Member (Resigned 3 January 2017)
	Mr. Worlanyo Amoa	Member (Resigned 3 January 2017)
	Mr. Abraham Amaliba	Member (Resigned 3 January 2017)
	Mr Kyeretwie Opoku	Member (Resigned 3 January 2017)
SECRETARY	Ms. Matilda Ohene	
BUSINESS ADDRESS	Petroleum House, Tema	
POSTAL ADDRESS	Private Mail Bag, Tema	
EXTERNAL AUDITORS	Ernst & Young Chartered Accountants G15 White Avenue Airport Residential Area P O Box KA 16009 Airport - Accra	
BANKERS	National Investment Bank Limited Bank of Ghana Ghana Commercial Bank Limited Ecobank Ghana Limited Ghana International Bank Plc – London	

The Directors have the pleasure of presenting this annual report to the members of the Corporation for the year ended 31 December 2017.

1. Principal activities

The objects of the corporation are to promote and undertake the exploration, development, production and disposal of petroleum.

2. Statement of directors' responsibilities

The Companies Act, 1963 (Act 179) requires the directors to prepare consolidated financial statements for each financial period, which give a true and fair view of the state of affairs of the Corporation and of the profit or loss for that period.

In preparing the consolidated financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the consolidated financial statements for the year ended 31 December 2017. The directors confirm that the consolidated financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Corporation keeps accounting records which disclose with reasonable accuracy the financial position of the Corporation and which enable them to ensure that the consolidated financial statements comply with the Companies Act, 1963 (Act 179). They are also responsible for safeguarding the assets of the Corporation and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the

3. Directors in office

The directors in office at the time of signing these financial statements are:

Mr. Freddie Blay	Chairman (appointed 3 May 2017)
Dr. K.K Sarpong	Chief Executive (24 January 2017)
Mr. Kwabena Kwakye	Member (appointed 3 May 2017)
Prof. J. S. Nabila	Member (appointed 3 May 2017)
Mr. Yaw Kyei	Member (appointed 3 May 2017)
Nana Adjoa Hackman	Member (appointed 3 May 2017)
Ogyeahohoo Yaw Gyebi	Member (appointed 3 May 2017)
Ms. Matilda Ohene	Secretary

On behalf of the Board:

Director:

Date: 25/4/19

Director:

Date: 25/4/19

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANA NATIONAL PETROLEUM CORPORATION

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Ghana National Petroleum Corporation (GNPC) set out on pages 8 to 66, which comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ghana National Petroleum Corporation (GNPC) as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64), Petroleum Revenue Management Act, 2011 (Act 815) as amended and the Ghana Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Ghana National Petroleum Corporation and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Ghana National Petroleum Corporation (GNPC) and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Implementation challenges of the SAP Hana software The SAP accounting software is not fully functional following the change in software from Navision 2013 to SAP Hana and non-implementation of certain modules. The data migration process as a result of the change in software is characterised by instances where the general ledger balances do not agree to the underlying subledger balances for some modules; • Property, Plant and Equipment, • Cash and Bank-overnight interest, • Inventory, • Accounts Payable and • Accounts Receivable There exists the risk that affected general ledger balances may not be accurately stated and the underlying subledger transactions not completely captured.	Our audit procedures on valuation, existence and completeness of underlying transactions supporting the affected accounts included, among others the following; • We evaluated the appropriateness of management's process for identifying and recording transactions relating to the affected general ledger and subledger accounts. • We read contracts and agreements with vendors to understand the nature of timing and extent of these transactions. • We performed reasonableness tests on fixed assets depreciation. • We validated fixed assets additions and transfers from Work in Progress (WIP). • We reviewed general ledger and subledger reconciliations to ensure completeness of the underlying transactions for affected accounts. • Throughout the performance of our audit procedures, we remained alert for any transactions outside the normal course of business. • We utilized data analysis tools to interrogate entire data sets for potential unrecorded transactions. • We verified that transactions were duly authorized in line with the company's authority matrix.
Significant accounts **Revenue** Ninety percent (90percent) of the company's current year revenue was generated from the sale of crude oil and nine percent (9percent) generated from the sale of gas production. Increase in liftings from the TEN and Sankofa fields significantly contributed to the increase in current year revenue. This exceeded hundred percent (100percent) as compared to prior year, There exists the risk that liftings during the year may not be completely reported leading to misstatements in the corporation's earrings. This has been disclosed in Note 5 of the financial statements.	Our audit procedures on occurrence, measurement and completeness of underlying transactions supporting the affected accounts included, among others the following; • We performed revenue recognition procedures such as analytical procedures, • We reviewed sales agreement, • We reviewed certificates issued by the Operator which supported liftings, and • performed tests of transactions

Petroleum projects Petroleum projects constitutes approximately forty-three percent (43percent) of total assets as at end of the year. A rise in petroleum activities in the Tweneboa, Enyenra and Ntomme (TEN) and Sankofa Gyi-nyame (SGN) fields during the year significantly contributed to the increase in petroleum projects as compared to prior year. There exists the risk that the valuation of petroleum projects may be materially misstated. This has been disclosed in Note 16 of the financial statements.	Our audit procedures on valuation, existence and completeness of underlying transactions supporting the affected accounts included, among others the following; • Tested the basis on which additions, amortisations and disposals were recorded, • Examined invoices, authorisations, contracts, agreements and other data supporting ownership of assets capitalised during the period,

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64), Petroleum Revenue Management Act, 2011 (Act 815) as amended and the Ghana Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting processes.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, includintg the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion proper books of account have been kept by the Group, so far as appears from our examination of those books; and

iii. The balance sheet (statement of financial position) and the profit and loss account (the profit or loss section of the statement of profit or loss and other comprehensive income) of the Group are in agreement with the books of accounts.

Signed by Victor Gborglah (ICAG/P/1151)
For and on behalf of Ernst & Young (ICAG/F/2019/126)
Chartered Accountants
Accra, Ghana

Date: 25/04/2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		GNPC	
	Notes	**2017**	**2016**	**2017**	**2016**
		USD	**USD**	**USD**	**USD**
Revenue	5	268,252,251	127,426,900	267,737,386	126,942,871
Cost of sales	6	(102,700,261)	(76,693,316)	(102,603,540)	(76,605,810)
Gross profit		165,551,990	50,733,584	165,133,846	50,337,061
Other operating income	7	18,973,797	22,142,194	18,966,343	22,125,165
General & administrative expenses	8	(76,793,188)	(92,649,558)	(78,185,317)	(81,822,518)
Other operating expenses	9	(5,273,573)	(4,400,262)	(5,273,573)	(4,400,262)
Operating Profit/Loss		102,459,026	(24,174,042)	100,641,299	(13,760,554)
Finance Cost	10	(15,582,276)	(2,023,692)	(13,752,570)	-
Share of loss in associate company	20a	-	(943,729)	-	-
Share of profit/(loss) of joint venture	20b	37,524	(10,079)	-	-
Profit/ (loss) before tax		86,914,274	(27,151,542)	86,888,729	(13,760,554)
Income tax expense	11b	(15,262)	(32,488)	-	-
Profit/ (loss) after tax		86,899,012	(27,184,030)	86,888,729	(13,760,554)
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement gains (losses) of defined benefit obligation	30.2	(21,870)	34,174	(21,870)	34,174
Items that will not be reclassified subsequently to profit or loss					
Translation Difference		950,265	3,028,748	-	-
Other comprehensive income for the year, net of tax		928,395	3,062,922	(21,870)	34,174
Total comprehensive income for the year, net of tax		87,827,407	(24,121,108)	86,866,859	(13,726,380)
Profit/(Loss) for the year attributable to:					
Owners of the Corporation		87,193,644	(25,944,106)		
Non-controlling Interests		(294,632)	(1,239,924)		
		86,899,012	(27,184,030)		
Total comprehensive income attributable to:					
Owners of the Corporation		88,031,310	(23,162,978)		
Non-controlling interests		(203,903)	(958,130)		
		87,827,407	(24,121,108)		

The notes 1 to 41 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		GNPC	
Assets	**Notes**	**2017**	**2016**	**2017**	**2016**
Non-current assets		**USD**	**USD**	**USD**	**USD**
Property, plant & equipment	12	**25,392,887**	15,034,329	**24,884,237**	14,614,367
Intangible assets	13	**3,824,301**	6,578,930	**3,824,301**	6,578,930
Exploration Expenditure	15	**5,685,933**	4,676,931	**-**	-
Petroleum projects	16	**526,282,468**	469,610,972	**526,282,468**	469,610,972
Investment in subsidiaries	19	**-**	-	**22,720**	22,720
Investment in associate and Joint Venture	20	**1,008,280**	1,002,002	**131,563**	2,330,947
Due from government agencies	18	**290,912,779**	189,094,433	**290,912,779**	189,094,433
Held to maturity financial assets	17	**119,191,685**	136,191,685	**119,191,685**	136,191,685
Total non-current assets		**972,298,333**	822,189,282	**965,249,753**	818,444,054
Current assets					
Inventories	21	**326,973**	268,139	**314,238**	256,698
Due from related parties	22	**-**	-	**6,498,751**	5,258,260
Trade & other receivables	23	**172,091,646**	111,891,326	**172,076,182**	111,859,344
Held to maturity financial assets	17	**4,000,000**	12,000,000	**4,000,000**	12,000,000
Cash & bank balances	24	**62,528,783**	27,724,614	**62,498,468**	27,638,011
Total current assets		**238,947,402**	151,884,079	**245,387,639**	157,012,313
Total assets		**1,211,245,735**	974,073,361	**1,210,637,392**	975,456,367

The notes 1 to 41 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		GNPC	
Equity and Liabilities	**Notes**	**2017**	**2016**	**2017**	**2016**
Equity		**USD**	**USD**	**USD**	**USD**
Stated capital	25	**3,332,726**	3,332,726	3,332,726	3,332,726
Petroleum equity fund	26	**117,830,392**	60,021,333	117,830,392	60,021,333
Petroleum project fund	27	**277,279,272**	215,506,462	277,279,272	215,506,462
Retained earnings		**215,900,962**	248,311,057	236,192,172	268,907,181
Translation reserve		**2,839,948**	1,980,411	-	-
Equity attributable to equity holders of the parent		**617,183,300**	529,151,989	634,634,561	547,767,702
Non-controlling interests		**(2,195,585)**	(1,991,681)	-	-
Total equity		**614,987,715**	527,160,308	634,634,561	547,767,702
Non-current liabilities					
Training & technology fund	28	**48,117,441**	43,107,990	48,117,441	43,107,989
Medium term loan	29	**443,066,268**	334,973,825	435,859,518	327,399,903
Deferred tax liabilities	11c	**21,259**	14,581	-	-
Employee benefits obligation	30	**532,200**	545,984	532,200	545,984
Total non-current liabilities		**491,737,168**	378,642,380	484,509,159	371,053,876
Current liabilities					
Trade & other payables	31	**104,506,696**	68,254,015	91,493,671	56,634,789
Corporate tax liabilities	11a	**14,156**	16,658	-	-
Total current liabilities		**104,520,852**	68,270,673	91,493,671	56,634,789
Total liabilities		**596,258,020**	446,913,053	576,002,830	427,688,665
Total equity and liabilities		**1,211,245,735**	974,073,361	1,210,637,391	975,456,367

Director:

Date: 25/4/19

Director:

Date: 25/4/19

The notes 1 to 41 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Group							
	Stated capital	**Petroleum equity fund**	**Petroleum project fund**	**Retained earnings**	**Exchange Translation reserve**	**Non Controlling Interest**	**Total equity**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Balance at 1 Jan 2017	**3,332,726**	**60,021,333**	**215,506,462**	**248,311,057**	**1,980,411**	**(1,991,681)**	**527,160,308**
Profit for the year	-	-	-	87,193,644	-	(294,632)	86,899,012
Other comprehensive income	-	-	-	(21,870)	859,537	90,728	928,395
Transfer to retained earnings	-	57,809,059	61,772,810	(119,581,869)	-	-	-
Balance at 31 Dec 2017	**3,332,726**	**117,830,392**	**277,279,272**	**215,900,962**	**2,839,948**	**(2,195,585)**	**614,987,715**
	Stated capital	**Petroleum equity fund**	**Petroleum project fund**	**Retained earnings**	**Exchange Translation reserve**	**Non Controlling Interest**	**Total equity**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Balance at 1 Jan 2016	**3,332,726**	**64,360,009**	**233,810,230**	**251,578,545**	**(766,543)**	**(1,033,551)**	**551,281,416**
Profit for the year	-	-	-	(25,944,106)	-	(1,239,924)	(27,184,030)
Other comprehensive income	-	-	-	34,174	2,746,954	281,794	3,062,922
Transfer to retained earnings	-	(4,338,676)	(18,303,768)	22,642,444	-	-	-
Balance at 31 Dec 2016	**3,332,726**	**60,021,333**	**215,506,462**	**248,311,057**	**1,980,411**	**(1,991,681)**	**527,160,308**

The notes 1 to 41 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

GNPC	Stated capital	Petroleum equity fund	Petroleum project fund	Retained earnings	Total equity
	USD	**USD**	**USD**	**USD**	**USD**
Balance at 1 Jan 2017	**3,332,726**	**60,021,333**	**215,506,462**	**268,907,181**	**547,767,702**
Profit for the year	-	-	-	86,888,729	86,888,729
Other comprehensive income	-	-	-	(21,870)	(21,870)
Transfer from retained earnings	-	57,809,059	61,772,810	(119,581,869)	-
	3,332,726	**117,830,392**	**277,279,272**	**236,192,171**	**634,634,561**
Balance at 31 Dec 2017					

	Stated capital	Petroleum equity fund	Petroleum project fund	Retained earnings	Total equity
	USD	**USD**	**USD**	**USD**	**USD**
Balance at 1 Jan 2016	3,332,726	64,360,009	233,810,230	259,991,117	561,494,082
Profit for the year	-	-	-	(13,760,554)	(13,760,554)
Other comprehensive income	-	-	-	34,174	34,174
Transfer to retained earnings	-	(4,338,676)	(18,303,768)	22,642,444	-
Balance at 31 Dec 2016	**3,332,726**	**60,021,333**	**215,506,462**	**268,907,181**	**547,767,702**

The notes 1 to 41 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016	2017	2016
		USD	USD	USD	USD
Cash flows from operating activities					
Profit (loss) before tax	**12**	86,899,012	(27,184,030)	**86,888,729**	(13,760,554)
Adjustments for:	13				
Depreciation charge	**16.1**	2,147,869	1,183,541	**2,068,472**	1,139,548
Amortisation of intangible assets		**3,052,098**	**2,032,190**	**3,052,098**	2,032,190
Petroleum project cost amortisation		38,600,527	11,097,580	**38,600,527**	11,097,580
Net foreign exchange differences	**14**	**(1,202,458)**	**3,691,460**	**-**	75,834
Provisions and accruals	**20b**	**5,498,281**	**(306,732)**	**5,498,281**	(306,732)
Profit on disposal of fixed assets		**(4,432)**	**(45,594)**	**(4,432)**	(45,594)
Share of (profit)/loss in joint venture		(37,524)	10,079		
Impairment of subsidiary assets		-	21,636,898	**-**	8,923,597
Impairment of associate		2,199,384	-	**2,199,384**	-
Income Tax Expense		15,262	20,885	**-**	-
Finance income	7	**(8,027,370)**	**(9,904,824)**	**(8,027,370)**	(9,904,824)
Working capital adjustments:					
(Increase) in amount due from government & its agencies		(15,469,743)	(5,400,683)	**(15,469,743)**	(5,400,683)
Decrease/(Increase) in stocks		(58,834)	(28,361)	**(57,539)**	(27,868)
Decrease/(Increase) in amount due from related party		-	-	**(1,240,335)**	(2,651,280)
Decrease /(increase in debtors		(58,144,687)	(52,167,706)	**(58,145,814)**	(52,171,849)
(Decrease)/Increase in creditors		30,729,373	39,323,457	**29,324,947**	39,302,205
Deferred income		(31,247)	-	**(31,247)**	-
		86,165,511	(16,041,840)	**84,655,958**	(21,698,430)
Income taxes paid		(11,086)	(9,786)	**-**	-
Net cash generated from (used in) operating activities		**86,154,425**	(16,051,626)	**84,655,958**	(21,698,430)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

		Group	GNPC	Group	GNPC
	Notes	**2017**	**2016**	**2017**	**2016**
		USD	**USD**	**USD**	**USD**
Net cash generated from (used in) operating activities		**86,154,425**	(16,051,626)	**84,655,958**	(21,698,430)
Cash flows from investing activities					
Proceeds from sale of fixed assets		**48,403**	45,594	**48,403**	45,594
Purchase of property, plant & equipment	**12**	**(12,550,397)**	(6,897,332)	**(12,382,313)**	(6,492,303)
Purchase of intangible assets	**13**	**(297,468)**	(6,742,324)	**(297,468)**	(6,742,324)
Additions to petroleum projects	16	**(94,023,358)**	(171,274,924)	**(94,023,358)**	(171,274,924)
Exploration expenditure	15	**(2,257,666)**	(2,757,629)	**(1,248,664)**	-
Held to maturity financial assets		**17,000,000**	4,996,232	**17,000,000**	4,996,232
Dividend received		**31,246**	-	**31,246**	-
Interest received		**5,956,149**	13,167,564	**5,956,149**	13,167,564
Net cash from (used in) investing activities		**(86,093,091)**	(169,462,819)	**(84,916,005)**	(166,300,161)
Cash flows from financing activities					
Proceeds from medium term loan		**21,737,582**	159,131,204	**22,111,052**	161,540,079
Training & technology grant		**5,009,452**	1,673,702	**5,009,452**	1,673,702
Net cash generated by financing activities		**26,747,034**	160,804,906	**27,120,504**	163,213,781
Net increase/ (decrease) in cash and cash equivalents		**26,808,368**	(24,709,539)	**26,860,457**	(24,784,810)
Cash & cash equivalents at the beginning of the year		**39,720,415**	64,434,153	**39,638,011**	64,422,821
		86,165,511	(16,041,840)	**84,655,958**	(21,698,430)
Cash & cash equivalents at the end of the year	24	**66,528,783**	39,724,614	**66,498,468**	39,638,011
Net cash generated from (used in) operating activities		**86,154,425**	(16,051,626)	**84,655,958**	(21,698,430)

The notes 1 to 41 form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2017

1. GENERAL INFORMATION

Ghana National Petroleum Corporation is a Corporation established by the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64) and domiciled in Ghana. The Corporation's registered office is at Petroleum House, Tema. Its ultimate controlling party is the Government of Ghana.

The principal activities of the corporation are exploration, development, production, disposal and refining of crude oil.

2. NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

Certain standards and amendments became effective for annual periods beginning on or after 1 January 2017. The nature and the impact of these standards and amendments are described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gain or losses). The amendments did not have any material impact on the Group's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The company applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the group.

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure some requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not affect the company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and entities (including structured entities) controlled by the GNPC and its subsidiaries. Control is achieved when the Corporation:

has power over the investee;

is exposed, or has rights, to variable returns from its involvement with the investee; and

has the ability to use its power to affect its returns.

GNPC reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

GNPC considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

potential voting rights held by the Corporation, other vote holders or other parties;

rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control

3.4.1 Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Corporation recognises its:

Assets, including its share of any assets held jointly;

Liabilities, including its share of any liabilities incurred jointly;

Revenue from the sale of its share of the output arising from the joint operation;

Share of the revenue from the sale of the output by the joint operation; and

Expenses, including its share of any expenses incurred jointly.

3.4.2. Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Corporation's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Corporation's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income (OCI) reflects the Corporation's share of the results of operations of the joint venture. Any change in OCI of that investee is presented as part of the Corporation's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Corporation recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Corporation and the joint venture are eliminated to the extent of the interest in the joint venture.

Investments in joint ventures are measure at cost in the corporation's separate financial statements.

3.4.3. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investments in associates are measured at cost in the corporation's separate financial statements

3.5 Foreign currencies

The Group's consolidated financial statements are presented in US Dollars, which is the same as the Corporation's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group presents its financial statements in US Dollars.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.7 Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss and other comprehensive income.

3.8 Oil exploration, evaluation and development expenditure

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

(a) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognised in the statement of profit or loss and other comprehensive income, as incurred. If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the statement of profit or loss and other comprehensive income as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of profit or loss and other comprehensive income.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

(b) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

3.9. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Corporation and therefore is not considered highly liquid - for example, cash set aside to cover decommissioning obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

3.10. Oil and gas properties and other property, plant and equipment

Initial recognition

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of certain construction/ development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

Depreciation/amortisation

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. The following rates are applicable:

Leasehold land & buildings	2-7percent
Furniture & fittings	10-30percent
Office & bungalow equipment	20percent
Motor vehicles	25percent
Other machinery & equipment	5percent
Oil and gas assets	Units of production (UOP)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Corporation, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

3.8. Other intangible assets

Other intangible assets include computer software

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

3.9. Impairment of non-financial assets

The carrying values of non- financial assets are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of non-financial assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalue amount, in which case the reversal is treated as a revaluation increase.

3.10. Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date at which the Corporation commits to purchase or sell the asset.

The Corporation's financial assets include cash and cash equivalents, trade and other receivables and short term investments.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments;
- AFS financial investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments, as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative changes in fair value) or finance revenue (positive net changes in fair value) in the statement of profit or loss and other comprehensive income. The Corporation has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the Corporation. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

Held-to maturity

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Were the Corporation to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available for sale.

The investments which are mainly fixed deposits with banks would be classified under this category.

Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date – the date on which the Corporation commits to purchase or sell the asset.

Available-for-sale

Available-for-sale assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills are classified as available for sale. AFS financial assets are measured at fair value with fair value gains or losses recognised in other comprehensive income. The Corporation currently has no available- for sale financial assets.

Derecognition

A financial asset (or, where applicable), a part of a financial asset or part of a group of similar financial assets is primarily derecognised (i.e., removed from the Corporation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a. the Corporation has transferred substantially all the risks and rewards of the asset; or

b. the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Corporation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IAS 39 are satisfied. The Corporation has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Corporation. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.11 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, sales taxes, excise duties and similar levies. Revenue from the production of crude oil and gas is recognised based on the terms of the relevant Petroleum Agreement and the Petroleum Revenue Management Act 815, 2011 (PRMA).

The PRMA specifies the sharing of the crude oil proceeds between the State and GNPC. Revenue therefore represents the equity financing costs and the cash or the equivalent barrels of oil ceded to the national oil company out of the carried and participating interests recommended by the Minister of finance and approved by Parliament.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in non-trading income in the statement of profit or loss and other comprehensive income.

3.12 Over/underlift

Lifting or offtake arrangements for oil produced in GNPC's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is "underlift" or "overlift".

Underlift and overlift are disclosed appropriately in the financial statements.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Corporation during the period.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the probable economic benefits' test and also are rarely debt funded. Any related borrowing costs incurred during this phase are therefore generally recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.14 Employee benefit

The corporation operates a defined contribution plan and a defined benefit plan. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Under the National pension scheme, the corporation contributes 13.5percent of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The corporation's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligation therefore rest with SSNIT.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The corporation pays its employees medical benefit after retirement until death of the retired employee.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Revenue received under the Petroleum Revenue Management Act relating to crude oil and gas sales are non-taxable. Revenue received is a reimbursement of the cost incurred by GNPC in carrying out government business under petroleum agreements. Taxes are however, payable on the non-trading income, such as services to oil companies, rental income and interest on investments, obtained by the Corporation in the course of the reporting period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income] because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Value added tax (VAT)

GNPC does not deal in taxable goods and services. Crude is currently not a taxable supply for VAT purposes and therefore no VAT input tax relating to the activities of crude can be claimed or recovered. VAT input incurred is included as part of the cost of operations and expensed.

VAT is charged on non-trading income other than the interest on investments. Any input tax related to these taxable services are claimed to the extent that the input VAT is directly attributable to the taxable services.

3.15 Taxation

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

4.1. Judgements

In the process of applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Joint arrangements

Judgement is required to determine when the Corporation has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Corporation has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Corporation to assess their rights and obligations arising from the arrangement. Specifically, the Corporation considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle;
- When the arrangement is structured through a separate vehicle, the Corporation also considers the rights and obligations arising from;
- The legal form of the separate vehicle;
- The terms of the contractual arrangement;
- Other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

4.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Corporation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

Exploration and evaluation expenditures

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Corporation defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Units of production (UOP) depreciation of oil and gas assets

Oil and gas properties are depreciated using the UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

Fair value measurement

In estimating the fair value of an asset or liability, the corporation uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the corporation engages third party qualified valuers to perform the valuation.

5. REVENUE

	Group	GNPC	Group	GNPC
	2017	2016	2017	2016
	USD	USD	USD	USD
Net share of crude oil revenue	240,466,535	108,104,738	240,466,535	108,104,737
Net share of gas sales	27,270,851	18,838,134	27,270,851	18,838,134
Services income	514,865	484,028	-	-
	268,252,251	127,426,900	267,737,386	126,942,871

5.1. SUMMARY OF LIFTING FOR THE YEAR

	2017	2016
Jubilee Field	**No. of barrels of oil**	**No. of barrels of oil**
	2017	2016
First lifting	947,806	947,980
Second lifting	948,931	995,152
Third lifting	952,938	983,847
Fourth lifting	**953,094**	**949,320**
Fifth lifting	**947,648**	**984,163**
Sixth lifting	**992,459**	**-**
	5,742,876	**4,860,462**

TEN Fields	**2017**	**2016**
First lifting	**996,588**	**996,459**
Second Lifting	**995,657**	
Third Lifting	**1,038,748**	
Fourth Lifting	**1,007,382**	**-**
	4,038,375	**996,4599**

	2017	**2016**
Sankofa Field		
First Lifting	**831,987**	**-**

6. COST OF SALES

	Group	GNPC	Group	GNPC
	2017	2016	2017	2016
	USD	USD	USD	USD
Cost associated with production (note 6.1)	**101,781,665**	**76,605,810**	**101,781,665**	**76,605,810**
Insurance Cost	**821,875**		**821,875**	-
Others	**96,721**	87,506	**-**	-
	8,224,829	4,721,819	**8,224,829**	4,721,819
	102,700,261	76,693,316	**102,603,540**	76,605,810

6.1. ANALYSIS OF COST OF PRODUCTION

	Group	GNPC	Group	GNPC
	2017	2016	2017	2016
	USD	USD	USD	USD
Jubilee production	**35,476,793**	37,929,789	**35,476,793**	37,929,789
TEN production	**18,240,159**	18,112,673	**18,240,159**	18,112,673
SGN production	**9,464,186**	-	**9,464,186**	-
Jubilee capital cost amortisation	**8,224,829**	4,721,819	**8,224,829**	4,721,819
SGN cost amortisation	**3,585,942**	-	**3,585,942**	-
TEN capital cost amortisation	**26,789,756**	15,841,529	**26,789,756**	**15,841,529**
	101,781,665	76,605,810	**101,781,665**	76,605,810

7. OTHER OPERATING INCOME

	Group	GNPC	Group	GNPC
	2017	2016	2017	2016
	USD	USD	USD	USD
Interest on short term investments	**8,027,370**	9,904,824	**8,027,370**	**9,904,824**
Services rendered to oil exploration companies	**138,811**	12,985	**138,811**	12,985
Data licence fee	**-**	241,020	**-**	241,020
Transfer from Training & Technology Fund	**2,425,843**	1,652,232	**2,425,843**	1,652,232
Exchange gain	**3,996,675**	8,340,193	**3,989,561**	8,323,164
Rental income	**46,016**	9,622	**46,016**	**9,622**
Miscellaneous income	**2,904,123**	169,217	**29,037,627**	**169,217**
Dividend earned	**31,246**	-	**31,246**	-
Income from refined trading (note 9.1)	**1,399,281**	**1,766,507**	**1,399,281**	**1,766,507**
Disposals	**4,432**	**45,594**	**4,432**	**45,594**
	18,973,797	**22,142,194**	**18,966,343**	**22,125,165**

8. GENERAL AND ADMINISTRATIVE EXPENSE

	Group	GNPC	Group	GNPC
	2017	2016	2017	2016
	USD	USD	USD	USD
Personnel emoluments	**17,165,839**	14,176,065	**17,054,206**	**14,176,065**
General operating expenses	**14,538,494**	31,786,794	**16,121,652**	21,003,746
Exploration promotion expenses	**490,425**	951,849	**490,425**	951,849
Depreciation and amortization charge	**5,199,966**	3,215,731	**5,120,570**	3,171,739
Board expenses	**930,943**	732,050	**930,943**	732,050
Bank charges	**665,137**	117	**665,137**	**117**
SOPCL Decommissioning (Note 8.1)	**9,792,459**	-	**9,792,459**	**-**
Petroleum project expenditure (Note 8.2)	**28,009,925**	41,786,952	**28,009,925**	41,786,952
	76,793,188	**92,649,558**	**78,185,317**	**81,822,518**

8.1. SOPCL DECOMMISSIONING

The board gave a directive to decommission the Oil field Saltpond Offshore Producing Company Limited (SOPCL) due to safety and environmental concerns. The cost of the decommissioning is to be borne by GNPC. This amount represents accrued costs for consultants to prepare decommissioning plans and procedures.

8.2. PETROLEUM PROJECT EXPENDITURE

	Group	GNPC	Group	GNPC
	2017	**2016**	**2017**	**2016**
	USD	**USD**	**USD**	**USD**
Ultra-Deep Water Keta Project	**1,029,109**	1,413,692	**1,029,109**	**1,413,692**
North & South Project	**2,024,461**	3,029,341	**2,024,461**	3,029,341
TEN Project	**4,663,758**	6,978,704	**4,663,758**	6,978,704
OCTP - ENI Project	**1,349,641**	2,019,561	**1,349,641**	2,019,561
HESS block	**2,432,352**	3,639,697	**2,432,352**	3,639,697
Jubilee investment	**14,936,023**	22,349,804	**14,936,023**	**22,349,804**
South deep water	**1,574,581**	2,356,153	**1,574,581**	**2,356,153**
	28,009,925	**41,786,952**	**28,009,925**	**41,786,952**

9. OTHER OPERATING EXPENSE

	Group	GNPC	Group	GNPC
	2017	**2016**	**2017**	**2016**
	USD	**USD**	**USD**	**USD**
Maritime boundary special project	**5,273,573**	4,400,262	**5,273,573**	**4,400,262**
	28,009,925	**41,786,952**	**28,009,925**	**41,786,952**

9.1. GAIN/(LOSS) FROM PRODUCTS TRADING

	Group	GNPC	Group	GNPC
	2017	**2016**	**2017**	**2016**
	USD	USD	**USD**	**USD**
Product sales	**131,846,432**	183,648,330	**131,846,432**	183,648,330
Product cost	**(130,447,151)**	**(181,881,823)**	**(130,447,151)**	**(181,881,823)**
Gain/(Loss)	**1,399,281**	**1,766,507**	**1,399,281**	**1,766,507**

Terms and Conditions of products trading

The gain or loss from products trading in the current year refers to margins on Heavy fuel oil trading.

10. FINANCE COST

The finance cost relates to interest charged in relation to TEN outstanding debt.

11. TAXATION

a. Tax payable

Group

	Balance	Charge for	Payment		Balance
	1 January	**the year**	**in the year**	**Adjustment**	**31 December**
Year of assessment	**USD**	**USD**	**USD**	**USD**	**USD**
Up to 2016	9,539	8,868	(9,786)	8,037	16,658
2017	-	-	(11,086)	8,584	(2,502)
	9,539	**8,868**	**(20,872)**	**16,621**	**14,156**

b. Tax expense

	Group	
	USD	USD
	2017	2016
Income tax charge		**8,868**
Deferred Tax	6,678	15,583
Tax Adjustment	8,584	8,037
	15,262	**32,488**

c. Deferred Tax

	Group	
	USD	USD
	2017	2016
Deferred Tax Liability	**21,259**	14,581
	21,259	14,581

The tax status of the Group is subject to review by the Ghana Revenue Authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2017

GNPC

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work-in-progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
Balance as at 1 Jan	**3,389,142**	**361,666**	**5,937,927**	**3,077,755**	**461,668**	**7,371,448**	**20,599,606**
Additions	7,503,100	**11,001**	**187,901**	**683,000**	-	3,997,311	12,382,313
Disposals	-	-	-	**(79,505)**	-	-	(79,505)
Transfer	**573,316**	-	**1,089,097**	-	-	(1,662,413)	-
Total	**11,465,558**	**372,667**	**7,214,925**	**3,681,250**	**461,668**	**9,706,346**	**32,902,414**
Accumulated depreciation							
Balance as at 1 Jan	**162,001**	**235,782**	**3,417,216**	**1,895,186**	**275,054**	-	**5,985,239**
Charge for the year	229,299	**54,566**	1,181,918	**518,946**	83,743	-	2,068,472
Disposals	-	-	-	**(35,534)**	-	-	(35,534)
	-	-	-	-	-	-	-
Total	391,300	**290,348**	4,599,134	**2,378,598**	358,797	-	8,018,177
Net book value							
As at 31 December 2017	**11,074,258**	**82,319**	**2,615,791**	**1,302,652**	**102,871**	**9,706,346**	**24,884,237**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2016

GNPC

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work-in-progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
Balance as at 1 Jan	**3,096,103**	**283,916**	**4,390,393**	**2,291,414**	**303,574**	**3,120,697**	**13,486,097**
Additions	293,039	77,750	1,547,534	894,498	158,094	4,250,751	7,221,666
Disposals	-	-	-	**(108,157)**	-	-	(108,157)
Total	**3,389,142**	**361,666**	**5,937,927**	**3,077,755**	**461,668**	**7,371,448**	**20,599,606**
Accumulated depreciation							
Balance as at 1 Jan	**127,327**	**199,842**	**2,712,777**	**1,682,962**	**230,940**	**-**	**4,953,847**
Charge for the year	34,674	35,940	704,439	320,381	44,114	-	1,139,548
Disposals	-	-	-	(108,157)	-	-	(108,157)
Total	**162,001**	**235,782**	**3,417,216**	**1,895,186**	**275,054**	**-**	**5,985,239**
Net book value							
As at 31 December 2016	**3,227,141**	**125,884**	**2,520,711**	**1,182,569**	**186,614**	**7,371,448**	**14,614,367**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2017

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2017

Group

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work-in-progress	Linen glass and silver ware	Total
	Total	USD	USD	USD	USD	USD	USD	USD
Cost								
Balance as at 1 Jan	**3,463,534**	**586,837**	**6,078,714**	**3,098,354**	**501,566**	**7,371,448**	**9,363**	**21,109,816**
Additions	7,522,289	102,253	187,901	724,756	4,050	4,004,448	4,701	12,550,398
Disposals	-	-	-	(79,505)	-	-	-	(79,505)
Transfers	573,316	-	1,089,097	-	-	(1,662,413)	-	-
Total	**11,559,139**	**689,090**	**7,355,712**	**3,743,605**	**505,616**	**9,713,483**	**14,064**	**33,580,709**
Accumulated depreciation								
Balance as at 1 Jan	**168,334**	**277,704**	**3,439,321**	**1,905,874**	**283,996**	**-**	**258**	**6,075,487**
Charge for the year	231,054	85,285	1,210,075	527,253	90,089	-	4,113	2,147,869
Disposals	-	-	-	(35,534)	-	-	-	(35,534)
Total	**399,388**	**362,989**	**4,649,396**	**2,397,593**	**374,085**	**-**	**4,371**	**8,187,822**
Net book value								
As at 31 December 2017	**11,159,751**	**326,101**	**2,706,316**	**1,346,012**	**131,531**	**9,713,483**	**9,693**	**25,392,887**

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2016

Group

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work-in-progress	Linen glass and silvler ware	Total
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Cost								
Balance as at 1 Jan	3,148,039	332,736	4,376,257	2,304,712	324,192	3,123,573	6,237	13,615,746
Additions	315,495	254,101	1,702,457	901,799	177,374	4,247,875	3,126	7,602,227
Disposals	-	-	-	(108,157)	-	-	-	(108,157)
Total	**3,463,534**	**586,837**	**6,078,714**	**3,098,354**	**501,566**	**7,371,448**	**9,363**	**21,109,816**
Accumulated depreciation								
Balance as at 1 Jan	**134,088**	**226,219**	**2,742,103**	**1,660,808**	**236,652**	**-**	**233**	**5,000,103**
Charge for the year	34,246	51,485	697,218	353,223	47,344	-	25	1,183,541
Disposals	-	-	-	(108,157)	-	-	-	(108,157)
Total	**168,334**	**277,704**	**3,439,321**	**1,905,874**	**283,996**	**-**	**258**	**6,075,487**
Net book value								
As at 31 December 2016	**3,295,200**	**309,133**	**2,639,393**	**1,192,480**	**217,570**	**7,371,448**	**9,105**	**15,034,329**

13. INTANGIBLE ASSETS

GNPC

At 31 December 2017

	Intangible	Work-in- progress	Total
	USD	**USD**	**USD**
Cost			
Balance as at 1 Jan	8,379,186	**1,329,246**	9,708,432
Additions	297,469	**-**	**297,469**
Transfers	1,329,246	**(1,329,246)**	**-**
Total	**10,005,901**	**-**	**10,005,901**
Accumulated depreciation			
Balance as at 1 Jan	**3,129,502**	**-**	**3,129,502**
Charge for the year	3,052,098	-	3,052,098
Total	**6,181,600**	**-**	**6,181,600**
Net book value			
As at 31 December 2017	**3,824,301**	**-**	**3,824,301**

GNPC

At 31 December 2017

	Intangible	Work-in- progress	Total
	USD	**USD**	**USD**
Cost			
Balance as at 1 Jan	8,379,186	**1,329,246**	9,708,432
Additions	297,469	**-**	**297,469**
Transfers	1,329,246	**(1,329,246)**	**-**
Total	**10,005,901**	**-**	**10,005,901**
Accumulated ion			
Balance as at 1 Jan	**3,129,502**	**-**	**3,129,502**
Charge for the year	3,052,098	-	3,052,098
total	**6,181,600**	**-**	**6,181,600**
Net book value			
As at 31 December 2017	**3,824,301**	**-**	**3,824,301**

13. INTANGIBLE ASSETS (CONTINUED)

GNPC

At 31 December 2016

	Intangible	Work-in- progress	Total
	USD	USD	USD
Cost			
Balance as at 1 Jan	6,742,324	1,329,246	8,071,570
Additions	1,636,862	-	1,636,862
Transfers	-	-	-
Total	**8,379,186**	**1,329,246**	**9,708,432**
Accumulated depreciation			
Balance as at 1 Jan	1,097,312	-	1,097,312
Charge for the year	2,032,190	-	2,032,190
Total	**3,129,502**	**-**	**3,129,502**
Net book value			
As at 31 December 2016	**5,249,684**	**1,329,246**	**6,578,930**

GNPC

At 31 December 2016

	Intangible	Work-in- progress	Total
	USD	USD	USD
Cost			
Balance as at 1 Jan	6,742,324	1,329,246	8,071,570
Additions	1,636,862	-	1,636,862
Transfers	-	-	-
Total	**8,379,186**	**1,329,246**	**9,708,432**
Accumulated depreciation			
Balance as at 1 Jan	1,097,312	-	1,097,312
Charge for the year	2,032,190	-	2,032,190
Total	**3,129,502**	**-**	**3,129,502**
Net book value			
As at 31 December 2016	**5,249,684**	**1,329,246**	**6,578,930**

14. DISPOSAL SCHEDULE

Group	Intangible	Work-in-progress	Total		
2017	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	USD	USD	USD	USD	USD
Motor vehicles	79,505	79,505	43,971	48,403	4,432
	297,469	-	297,469		
GNPC	1,329,246	(1,329,246)	-		
2017	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	USD	USD	USD	USD	USD
Motor vehicles	79,505	79,505	43,971	48,403	4,432
	3,129,502	-	3,129,502		
	3,052,098	-	3,052,098		
	6,181,600	-	6,181,600		
Group					
2016	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	USD	USD	USD	USD	USD
Motor vehicles	108,157	108,157	-	45,594	45,594
GNPC					
2016	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	USD	USD	USD	USD	USD
Motor vehicles	108,157	108,157	-	45,594	45,594

15. EXPLORATION ASSETS

	Group	GNPC		
	2017	2016	2017	2017
	USD	USD	USD	USD
Balance at 1 Jan	4,676,931	2,765,729	-	-
On-going exploration	1,009,002	1,911,202	-	-
Balance at 31 December 2017	5,685,933	4,676,931	-	-

16. PETROLEUM PROJECTS

	Group	GNPC		
	2017	2016	2017	2016
	USD	USD	USD	USD
Joint operations				
Jubilee field investment	1,009,002	1,911,202	-	-
(Note 16.1)	99,532,179	106,908,927	99,532,179	106,908,927
TEN Projects (Note 16.1)	280,610,299	280,892,625	280,610,299	280,892,625
SGN Projects (Note 16.1)	130,504,554	67,422,648	130,504,554	67,422,648
	510,647,032	455,224,200	510,647,032	455,224,200
GNPC projects				
LNG PJT	154,722	2,404,621	154,722	2,404,621
Voltaian basin project	15,480,714	11,982,151	15,480,714	11,982,151
	5,635,436	14,386,772	15,635,436	14,386,772
Total	526,282,468	469,610,972	526,282,468	469,610,972

16.1 AMORTIZATION OF PETROLEUM PROJECTS

The Corporation's currently oil-producing fields are the Jubilee and TEN, SGN Oil fields, and are amortized based on units of production from each field, in proportion to the Corporation's stake in that field.

	Group		GNPC	
	2017	2016	2017	2016
	USD	USD	USD	USD
Cost				
Balance as at 1 Jan	547,320,210	384,072,063	547,320,210	384,072,063
Additions (Jubilee)	848,080	6,530,520	848,080	6,530,520
Additions (TEN)	26,507,430	89,391,593	26,507,430	89,391,593
Addition (SGN)	66,667,848	67,326,034	66,667,848	67,326,034
	641,343,568	547,320,210	641,343,568	547,320,210
Amortization				
Balance as at 1 Jan	92,096,011	80,998,430	92,096,011	80,998,430
Jubilee	8,224,829	5,534,610	8,224,829	5,534,610
TEN	26,789,756	5,562,971	26,789,756	5,562,971
Sankofa Gye Nyame (SGN)	3,585,942	-	3,585,942	-
	130,696,538	92,096,011	130,696,538	92,096,011
Carrying amount at 31 December	510,647,030	455,224,199	510,647,030	455,224,199

17. HELD TO MATURITY FINANCIAL ASSETS

a. Long term investments

	Group	GNPC		
	2017	**2016**	2017	2016
	USD	**USD**	USD	USD
Bank guarantee	119,191,685	**136,191,685**	**119,191,685**	**136,191,685**

b. Details of long term investments

Institutions	**Investment amount**	**Interest rate**	**Tenor (years)**	**Nature of bank guarantee**
	US$			
Stanbic	45,000,000	**2percent**	10	KAR Power guarantee
Fidelity	45,000,000	**6percent**	**10**	**KAR Power guarantee**
UMB	29,187,917	**6percent**	**10**	**VRA Crude purchase support**
	119,187,917			

c. Short term investments

	Group	**GNPC**	**Tenor (years)**	**Nature of bank guarantee**
	2017	**2016**	2017	2016
	USD	**USD**	USD	USD
Fixed deposits with banks	4,000,000	**12,000,000**	**4,000,000**	**12,000,000**

d. Details of short term investments

Institutions	**Investment amount**	**Interest rate**	**Tenor (days)**
	US$		
GIB	4,000,000	-	Overnight
	4,000,000		

18. DUE FROM GOVERNMENT AND ITS AGENCIES

This represents the net position in respect of transfer of assets and liabilities between the Corporation and the government. Details of the amount due are disclosed below:

	Group	GNPC	GNPC	
	2017	2016	2017	2016
	USD	USD	USD	USD
Government of Ghana	**23,217,406**	24,400,294	**23,217,406**	24,400,294
Ministry of Finance	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Tema Oil Refinery (TOR)	**58,404,875**	58,404,875	**58,404,875**	58,404,875
Ghana National Gas Company	**68,846,494**	62,345,834	**68,846,494**	62,345,834
BOST Loan	**96,500,573**	-	**96,500,573**	-
Ghana Broadcasting Corporation (GBC)	**-**	948,000	**-**	948,000
	296,969,348	196,099,003	**296,969,348**	196,099,003
Less: (Impairment – TOR & GBC)	**(6,056,569)**	(7,004,569)	**(6,056,569)**	(7,004,569)
As at 31 December	**290,912,779**	189,094,433	**290,912,779**	189,094,433

19. SUBSIDIARIES

Investment in subsidiaries			GNPC	
	Group	GNPC	2017	2016
	2017		2017	2016
	USD	2016	USD	USD
Mole Motel Company Limited	**-**	-	**9,570**	9,570
Prestea Sankofa Gold Limited	**-**	-	**795,905**	795,905
GNPC Exploration and Production Company Limited	**-**	-	**13,150**	13,150
Less: Impairment	**-**	-	**(795,905)**	(795,905)
	96,500,573	-	**96,500,573**	-
	-	-	**22,720**	22,720

Principal activity	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
Name of subsidiary			**2017**	2016
Mole Motel Company Limited	**Hospitality**	Mole, Ghana	**60percent**	60percent
Prestea Sankofa Gold Limited	**Mining**	Prestea, Ghana	**90percent**	90percent
GNPC Exploration and Production Company Limited	**Crude oil exploration and production**	Accra, Ghana	**100percent**	100percent

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

a. Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Name of subsidiary	Principal activities	Proportion of ownership interest and voting power held by non-controlling interest	
		2017	2016
Mole Motel Company Ltd	**Hotel and hospitality services**	**40percent**	40percent
Prestea Sankofa Gold Limited	**Gold Mining**	**10percent**	10percent

Summarised financial information in respect of the Group's subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

b. MOLE MOTEL LIMITED

Mole Limited	**2017**	2016
	USD	USD
Revenue	**514,865**	484,028
Cost of sales	**(96,721)**	(87,506)
Other income	**7,454**	17,029
General and administrative expenses	**(408,339)**	(379,957)
Tax expense	**(15,262)**	(32,488)
Profit for the year	1,997	1,106
Profit attributable to owners of the Company	**1,198**	664
Profit attributable to the non-controlling interests	**799**	442
Profit for the year	**1,997**	1,106
Other comprehensive income for the year	**(14,328)**	(70,271)
Total comprehensive income for the year	**(12,331)**	(69,165)
Total comprehensive income attributable to owners of the Company	**(7,399)**	(41,499)
Total comprehensive income attributable to the non-controlling interests	**(4,932)**	(27,666)
	(12,331)	(69,165)

b. MOLE MOTEL LIMITED (CONTINUED)

	2017	2016
	USD	USD
Current assets	**61,357**	118,467
Non-current assets	**404,581**	297,035
	(96,721)	(87,506)
Total assets	465,938	415,502
	(15,262)	(32,488)
Current liabilities	162,087	105,999
Non-current liabilities	221,259	214,581
Equity attributable to owners of the Company	82,592	94,922
Non-controlling interests	-	-
Total equity and liabilities	465,938	415,502

c. PRESTEA SANKOFA GOLD LIMITED

	2017	2016
	USD	USD
Current assets	-	-
Non-current assets	**-**	-
Total assets	**-**	-
Current liabilities	12,096,089	10,818,884
Non-current liabilities	8,857,764	8,145,260
Equity attributable to owners of the Company	(20,953,853)	(18,964,144)
Non-controlling interests	-	-
Total equity & liabilities	-	-

Prestea Sankofa Gold (Income statement)	**2017**	2016
	USD	USD
Revenue	**-**	-
Cost of sales	**-**	-
Other incomes	**-**	-
Expenses	**(2,954,303)**	(12,403,663)
Profit (loss) for the year	**(2,954,303)**	(12,403,663)
Loss attributable to owners of the Company	**(2,658,873)**	(11,163,297)
Loss attributable to the non-controlling interests	**(295,430)**	(1,240,366)
Loss for the year	**(2,954,303)**	(12,403,663)
Other comprehensive income for the year	**964,593**	3,099,019
Total comprehensive income for the year	**(1,989,710)**	(9,304,644)
Total comprehensive income attributable to owners of the Company	**(1,790,739)**	(8,374,180)
Total comprehensive income attributable to the non-controlling interests	**(198,971)**	(930,464)

d. GNPC Exploration and Production Company Ltd

	2017	2016
	USD	USD
	5,790,000	4,814,257
Non-current assets	**11,559**	11,559
Current assets	**5,801,559**	4,825,816
Total assets		
Liabilities	**769,004**	711,003
Current liabilities	**6,306,250**	5,292,267
Non-current liabilities	**(1,273,695)**	(1,177,454)
Equity attributable to owners of the Company	**-**	-
Non-controlling interests	-	-
Total equity and liabilities	**5,801,559**	4,825,816

GNPC Exploration and Production Company Ltd (Income statement)		
	2017	2016
	USD	USD
Revenue		
General administrative costs	**(96,240)**	(872,456)
Loss for the year	**(96,240)**	(872,456)
Other comprehensive income for the year	**-**	-
	(96,240)	(872,456)
Total comprehensive income attributable to owners of the Company	**(96,240)**	(872,456)
Total comprehensive income attributable to the non-controlling interests	**-**	-
Total comprehensive income for the year	**(96,240)**	(872,456)

e. IMPAIRMENT OF SUBSIDIARY

The Corporation's subsidiary, Prestea Sankofa Gold Limited has ceased operations during 2016 due to technical and financial challenges. The Subsidiary's local bankers have commenced legal action for the recovery of loan granted to the subsidiary company.

As a result, the corporation has fully impaired its investments in the subsidiary and any amounts due from the subsidiary.

In the consolidated financial statements, the subsidiary's assets have been fully impaired due to uncertainty over their recoverability.

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

			GNPC	
	Group	**GNPC**	**2017**	**2016**
	2017	**2016**	**2017**	**2016**
	USD	USD	**USD**	USD
Investment in associate (note 20a)	**-**	-	**-**	2,199,384
Investment in joint venture (note 20b)	**1,008,280**	1,002,002	**131,563**	131,563
	1,008,280	1,002,002	**131,563**	2,330,947

Investment in associate and joint venture were accounted using the equity method for the group and at cost for Corporation (GNPC).

20a. DETAILS OF ASSOCIATES

Details of the Group's material associate at the end of the reporting period are as follows:

			Proportion of ownership interest and voting power held by the Group	
Name of Associate	**Principal activity**	**Place of incorporation and operation**	**2017**	**2016**
Airtel	Telecommunications	Accra, Ghana	**0.11percent**	25percent

In September 2016, Airtel undertook a rights issue to raise additional equity capital which required GNPC to pay US$122million. However, GNPC declined the offer, leading to a dilution of GNPC shareholding to only 0.11percent in 2017. The above associate is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	2017	2016
	USD	USD
Balance at 1 January	**-**	943,729
Share of profit (loss) of associate	**-**	(943,729)
Group's carrying amount of the investment in associate	**-**	-

	2017	2016
	USD'000	USD'000
Total revenue of associate	**123,515**	142,810
Total expense of associate	**(141,963)**	(208,026)
Total loss after tax of associate	**(18,448)**	(65,216)
Other comprehensive income	**-**	-
Total comprehensive income	**(18,448)**	(65,216)
Share of loss of associate	**-**	(943,729)

20b. JOINT VENTURES

Details of the Group's material joint ventures at the end of the reporting period are as follows:

	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Saltpond Offshore Producing Company (SOPCL)	**620,156**	620,156	**620,156**	620,156
GNPC-Technip Engineering. Services	**1,008,280**	1,002,002	**131,563**	131,563
Less: Impairment	**(620,156)**	(620,156)	**(620,156)**	(620,156)
	1,008,280	1,002,002	**131,563**	131,563

			Proportion of ownership interest and voting power held by the Group	
Name of Joint venture	**Principal activity**	**Place of incorporation and operation**	**2017**	**2016**
Saltpond Offshore Producing Company Limited	Crude oil production	Saltpond, Ghana	45percent	45percent
GNPC-Technip Engineering Services	Technology training	Accra, Ghana	30percent	30percent

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint ventures are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	2017	2016
	USD	USD
Balance at 1 January	**1,002,002**	1,012,081
Share of profit/(loss) of GNPC Technip	**37,524**	(10,079)
Dividend	**(31,246)**	-
Balance at 31 December	**1,008,280**	1,002,002

Details of GNPC Technip financial statements

	2017	2016
	USD	USD
Total assets	**17,970,776**	17,515,565
Total liabilities	**(15,076,563)**	(14,484,354)
Net assets	**2,894,213**	3,031,211

Total revenue of joint venture	**5,353,025**	22,159,452
Total profit/(loss) after tax of joint venture	**125,080**	(33,597)
Other comprehensive income	**-**	-
Total comprehensive income	**125,080**	(33,597)
Dividends received from the joint venture during the year	**31,246**	-
Share of profit (loss) of joint venture (30percent)	**37,524**	(10,079)

20c. IMPAIRMENT OF INVESTMENTS

The equity investments in Saltpond Offshore Producing Company Limited (SOPCL), which is a joint venture has been fully impaired due to non-productivity of the investee. The project is planned to be decommissioned and the costs of decommissioning will be borne by GNPC.

21. INVENTOR IES

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Non-trade stock	**314,768**	267,029	**302,033**	255,588
Fuel Coupon	**12,205**	1,110	**12,205**	1,110
	326,973	268,139	**314,238**	256,698

22. DUE FROM RELATED PARTIES

This represents the advances given to subsidiaries

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Saltpond Offshore Producing company	**5,664,691**	5,471,413	**5,664,691**	5,471,413
Prestea Sankofa	**1,651,014**	571,338	**1,651,014**	571,338
Mole Ltd	**-**		**200,000**	200,000
GNPC Explorco	**-**		**6,298,751**	5,058,260
Less: impairment	**(7,315,705)**	(6,042,751)	**(7,315,705)**	(6,042,751)
	-	-	**6,498,751**	5,258,260

23. TRADE AND OTHER RECEIVABLES

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Trade debtors - trade marketing	**62,247,367**	43,164,471	**62,247,367**	43,164,471
Share of Crude Proceeds from GOG	**112,177,116**	75,337,574	**112,177,116**	75,337,574
Other debtors-foreign	**33,295,231**	27,438,897	**33,282,526**	27,406,915
Other debtors-local	**22,876**	19,209	**20,117**	19,209
Staff debtors	**474,837**	1,243,505	**474,837**	1,243,505
Input VAT	**860,193**	860,193	**860,193**	860,193
Advances & prepayments	**2,355,401**	1,947,376	**2,355,401**	1,947,376
Tax credits	**518,699**	494,333	**518,699**	494,333
Accrued investment income	**2,562,207**	2,292,279	**2,562,207**	2,292,279
	214,513,927	152,797,837	**214,498,463**	152,765,855
Less: Provision for impairment (Note 23.1)	**(42,422,281)**	(40,906,511)	**(42,422,281)**	(40,906,511)
	172,091,646	111,891,326	**172,076,182**	111,859,344

Trade receivables are non-interest bearing and are normally settled between 30 days from the date of invoice.

23.1 DETAILS OF IMPAIRMEN T

	Group	GNPC	GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Balance at 1 Jan	**40,906,511**	12,461,081	**40,906,511**	12,461,081
Additional provision	**1,515,770**	28,445,430	**1,515,770**	28,445,430
Balance at 31 December	**42,422,281**	40,906,511	**42,422,281**	40,906,511

24. CASH AND BANK

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Bank	**62,040,048**	27,535,998	**62,009,733**	27,449,395
Cash	**488,735**	188,616	**488,735**	188,616
	62,528,783	27,724,614	**62,498,468**	27,638,011

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

24. CASH AND BANK (CONTINUED)

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Short term investments	**4,000,000**	12,000,000	**4,000,000**	12,000,000
Bank	**62,040,048**	27,535,998	**62,009,733**	27,449,395
Cash	**488,735**	188,616	**488,735**	188,616
	66,528,783	39,724,614	**66,498,468**	39,638,011

25. STATED CAPITAL

This represents amounts received from Government of Ghana towards the corporation's capitalisation.

26. PETROLEUM EQUITY FUND

Amounts received from government towards equity financing cost are capitalised and portions transferred to income statement to meet Production and amortised development cost. The fund represents the unamortised portion of petroleum assets in the books. Details of the fund is shown in the statement of changes in equity.

27. PETROLEUM PROJECT FUND

This represents the funds set aside to execute the Corporation's projects. Details of the fund is shown in the statement of changes in equity.

28. TRAINING AND TECHNOLOGY FUND

Training and Technology Fund is established to support the Corporation's manpower development and technology needs.

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Balance at 1 January	**43,107,990**	41,434,287	**43,107,990**	41,434,287
Additions	**7,435,294**	3,325,935	**7,435,294**	3,325,935
Transfer to P & L	**(2,425,843)**	(1,652,232)	**(2,425,843)**	(1,652,232)
Balance at 31 December	**48,117,441**	43,107,990	**48,117,441**	43,107,990

29. MEDIUM TERM LOANS

	Group		GNPC	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
TEN Partner financing	**258,429,057**	261,396,579	**258,429,057**	261,396,579
SGN Partner financing (OCTP)	**91,081,858**	66,003,324	**91,081,858**	66,003,324
Bank loan	**93,555,353**	7,573,922	**86,348,603**	-
	443,066,268	334,973,825	**435,859,518**	327,399,903
	66,528,783	39,724,614	**66,498,468**	39,638,011

Terms and conditions of loans

TEN Partner financing

The TEN partner financing is funding provided by the DWT contractor for GNPC's share of the development cost for the TEN Fields. GNPC has elected to have the Contractor fund its additional interest of 5percent in the field at an interest rate of Libor plus 1.5percentpa in accordance with the terms of the petroleum agreement between the government of Ghana and GNPC on one hand and Tullow Ghana Limited, Sabre Oil and Gas Limited (PetroSA now owns the Sabre Oil & Gas interest) and Kosmos Energy Limited.

SGN Partner Financing (OCTP)

The Corporation is required to pay for its share of development cost associated with its additional interest of 5percent in the OCTP Block (Sankofa Gye Nyame). Under terms agreed in the Petroleum Agreement, GNPC opted for the OCTP Partners (ENI and Vitol) to pre- finance the additional interest cost obligations at a specified rate of 1 percent plus 3 months LIBOR. Repayment of the loan has commenced using the Corporation's share of OCTP crude oil production.

Bank loan

This is in two parts:

Litasco/BOST loan – GNPC was directed to take a loan facility from Litasco on behalf of BOST for USD100 million at 3-months LIBOR plus 4percent which is being serviced by Government at eight equal instalments of USD14million on every due date

The rest represents loans granted to a subsidiary by its bankers repayable over an agreed out of court terms of settlement in eight equal instalments ending in March 2019.

30. EMPLOYEE BENEFIT OBLIGATION

The movement in the defined benefit obligation is as follows:

	2017	2016
	USD	USD
Balance at 1 January	545,984	395,391
Service cost	35,457	93,670
Interest cost	34,041	122,541
Actuarial (gain)/loss	21,870	(34,174)
Benefits payment	(105,152)	(31,444)
Balance at 31 December	532,200	545,984

30.1. EMPLOYEE BENEFIT EXPENSE

	2017	2016
	USD	USD
Service cost	35,457	93,670
Interest cost	34,041	122,541
	69,498	216,211

30.2. REMEASUREMENT GAINS/ (LOSSES) IN OCI

	2017	2016
	USD	USD
Actuarial gain/(loss)	(21,870)	34,174

a. Defined benefit obligation

The Corporation bears the cost of its retirees' medical expenses till death. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

The principal actuarial assumptions used are as follows:

Starting health care per capita costs

The starting per capita cost is based on plan experience for 2017. No assumption was made explicitly for morbidity aging factors. Starting Per capita health care cost is GHS 3,312.

Discount rate

A rate of 25.2percent per annum was used.

Post retirement mortality rates

Mortality rates are based on the South African SA 1956-62 mortality table with a loading provision of 20percent. This is consistent with the Mortality table used in Ghana.

Health care trend rates

Assumed rates are based on publicly available data and the general increase in healthcare costs and macro-economic theory.

Claims rate

Assumed claim rates are based on the claims trend of GNPC as provided in the data. Hence a claim rate of 20percent is fixed.

31. TRADE AND OTHER PAYABLES

	Group		**GNPC**	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Trade & Other Creditors	**76,243,552**	59,638,350	**64,275,620**	48,108,464
Local creditors	**12,443,516**	5,273,665	**11,398,425**	5,184,325
Staff creditors	**1,412,344**	549,199	**1,412,344**	549,199
Jubilee Partner Financing	**14,407,282**	2,792,801	**14,407,282**	2,792,801
	104,506,694	68,254,015	**91,493,671**	56,634,789

Trade payables are non-interest bearing and are normally settled between 30 to 90 days.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's principal financial liabilities, other than derivatives, comprise accounts payable, bank loans and overdrafts, and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Corporation's capital expenditure programme. The Corporation's principal financial assets, other than derivatives, comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

Risk exposures and responses

The Corporation manages its exposure to key financial risks in accordance with its financial risk management policy.

The objective of the policy is to support the delivery of the Corporation's financial targets while protecting future financial security. The main risks that could adversely affect the Corporation's financial assets, liabilities or future cash flows are: market risks comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The Corporation's senior management oversees the management of financial risks. The Corporation's senior management is supported by a Financial Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Corporation. The Financial Risk Committee provides assurance to the Corporation's senior management that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Corporation policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken. Currently, the Corporation does not apply any form of hedge accounting.

The Board of Directors reviews and agrees policies for managing these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables and accrued liabilities. Sensitivity analysis relating to key market risks has been provided below:

(a) Foreign currency risk

During the year the corporation has been exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The other currencies in which these transactions are denominated are in US$.

The group's exposure to foreign currency risk, as at the relevant year ends, was as follows based on foreign currency amounts:

31 December 2017	US$
	93,670
Trade and other receivables	122,541
Trade and other payables	(34,174)
Cash, bank and investments	(31,444)
	545,984
Net assets held in foreign currency	(7,151,061)

The following significant exchange rates applied at the following reporting date with respect to the US$:

	2017	2016
	USD	USD
Exchange rate	**4.4164**	4.2023

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation trades only with recognised, creditworthy third parties. It is the Corporation's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Corporation obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Corporation's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Corporation, which comprise cash and short-term investments, the Corporation's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Set out below is an analysis of various credit exposures:

Group		
Amount past due but not impaired	**2017**	2016
	USD	USD
Past due up to 30 days	**1,300,355**	2,792,801
Past due 31-60 days	**112,177,116**	43,960,786
Past due 61-90 days	**16,840,307**	3,704,481
Past due 91-120 days	**6,245,050**	7,199,083
Past due more than 120 days	**35,543,218**	57,657,152

GNPC		
Amount past due but not impaired	**2017**	2016
	USD	USD
Past due up to 30 days	**1,300,355**	1,300,355
Past due 31-60 days	**112,177,116**	43,960,786
Past due 61-90 days	**16,840,307**	16,840,307
Past due 91-120 days	**6,245,050**	6,245,050
Past due more than 120 days	**35,543,218**	57,657,152

Collateral and other credit enhancement

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments

Group			
As at December 2017			
	Less than 1 year	**More than 1 year**	Total
	USD	**USD**	USD
Interest-bearing loans and borrowings	**115,666,365**	**334,606,654**	450,273,019
Trade and other payables	**83,304,226**	**89,340**	83,393,566
	198,970,591	**334,695,994**	533,666,585

As at December 2016			
	Less than 1 year	**More than 1 year**	Total
	USD	**USD**	USD
Interest-bearing loans and borrowings	**66,003,325**	**268,970,501**	334,973,826
Trade and other payables	**54,139,936**	**-**	54,139,936
	120,143,261	**268,970,501**	389,113,762

GNPC

As at December 2017

	Less than 1 year	More than 1 year	Total
	USD	USD	USD
Interest-bearing loans and borrowings	108,459,615	327,399,903	435,859,518
Trade and other payables	83,245,635	-	83,245,635
	191,705,250	327,399,903	519,105,153

As at December 2016

	Less than 1 year	More than 1 year	Total
	USD	USD	USD
Interest-bearing loans and borrowings	66,003,325	261,396,579	327,399,903
Trade and other payables	53,920,688	-	63,920,688
	119,924,013	261,396,579	391,320,591

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

In the definition of capital, the group includes, share capital, retained earnings and loans. The Group is not subject to any externally imposed capital requirements.

34. FAIR VALUE MEASUREMENT AND CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of the group and the Corporation's financial assets and liabilities approximate their fair values.

35. RELATED PARTY TRANSACTIONS

Information about subsidiaries

	Principal Activity	Country	Percentage of equity/interest	
			2017	2016
Prestea Sankofa Gold Limited	Mining	Ghana	90percent	90percent
Mole Motel Corporation Limited	Hospitality	Ghana	60percent	60percent

The holding company

GNPC is 100percent owned by Government of Ghana.

Joint venture/Associate

The Corporation has a 45percent interest in Saltpond offshore Corporation limited (2016: 45percent) and 0.11percent in Airtel Ghana. The group has fully impaired its investments in this joint venture in 2013, due to its loss making situation. The group has also fully impaired its investment in the associate, as the associate has a negative net assets position.

Related party transactions

During the year, the Corporation entered into the following transactions with its related parties:

Year end balances arising from transactions with related parties:

Name of related party	Amount due to	Amount due from
	USD	USD
Prestea Sankofa Gold Limited	-	1,651,014
GNPC Exploration and Production Co. Ltd	-	6,298,751
Mole Motel	-	200,000
Saltpond Offshore Producing company	-	5,664,691
	-	13,814,456

Transactions with related parties

Transactions with related parties during the year are as follows:

Name of related party	Transaction type	Amount
		USD
GNPC Exploration and Production Co. Limited	Advances and payments of cash calls	1,240,491
Airtel Ghana Limited	Telecom services	96,664
Prestea Sankofa Gold Limited	Advances and payment of expenses	571,338
Saltpond Offshore Producing Company Limited	Advances and payment of expenses	193,278
		2,101,771

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, impairment of receivables relating to amounts owed by related parties was USD 7,315,705 (2016: $6,042,751).

Compensation of key management personnel and directors of the Corporation

The remuneration of directors and other members of key management personnel during the year was as follows:

Key management personnel	**Transaction type**	**Amount**
	2017	**2016**
	USD	**USD**
Short term benefits	2,254,308	**1,231,285**
Directors' remuneration		
	2017	**2016**
	USD	**USD**
Board fees	**169,745**	**68,669**
Termination bonus		**247,783**
Other board expense	**761,198**	**337,705**
	930,943	**654,158**

The remuneration of directors and key executives is determined by the Board welfare committee having regard to the performance of individuals and market trends.

36. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective up to the date of issuance of the company's financial statements listed below are those that the company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The company intends to adopt these standards and interpretations, if applicable when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 "Financial Instruments" issued on 24 July 2015 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

IFRS 15 "Revenue from Contracts with Customers" and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 "Revenue from Contracts with Customers" issued by IASB on 28 May 2015 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Group expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the company plans to assess the potential effect of IFRS 16 on its financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the company

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The company will apply these amendments when they become effective.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The company will apply amendments when they become effective. The company does not expect any effect on its financial statements

Other standards, amendments and interpretations issued but not yet effective are listed below. They are not expected to have a significant impact to the company

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (1 January 2018)
- IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (1 January 2018)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (1 January 2019)

37. COMMITMENTS FOR EXPENDITURE

There was no commitment to any form of capital expenditure

38. CONTINGENT ASSETS AND LIABILITIES

- Petroleum products supplied to Sage Petroleum Limited by the Corporation up to 2012 amounting to US$13,051,837.42 is currently in dispute. The case is currently being pursued in the law courts. The Corporation has therefore made full provision for this debt in its books.

39. DECOMMISSIONING LIABILITY

The Corporation has no liability to decommission currently producing oil fields, as the decommissioning liabilities is to be borne by the contractors.

40. CORPORATE SOCIAL RESPONSIBILITIES

In 2017 the Corporation adopted a more definitive approach to CSR; and by executing fewer, yet bigger and bolder initiatives in the areas of health, education and sports development aimed at establishing GNPC as an admired brand. The Corporation also pursued a more proactive approach to brand management, public relations and stakeholder engagement. The total spend for the year was Nine Million, Seven Hundred and Fifty-Seven Thousand, Six Hundred and Sixteen US Dollars (USD 9,757,616) disbursed as follows:

Key Activities undertaken:

Released 1st Tranche of Sponsorship for the Construction of Ghana's (and West Africa's) first Sickle Cell Treatment and Blood Centre at Komfo Anokye Teaching Hospital (KATH), Kumasi for research, training, diagnosis and treatment for sickle cell disease.

Equipment Sponsorship for Efia Nkwanta Nurses and Midwifery Training College, Sekondi, W/Region .

Sponsorship of Health Screening undertaken by Philipa Baafis Foundation. A large proportion of women from the Sekondi Takoradi Municipality, Ahanta West and Elembelle Districts were screened.

Contributed to the Sierra Leone Disaster Fund.

Through the GNPC Oil and Gas Foundation continued sponsorship of 1,068 Students consisting of1,023 local and 45 international scholarships to undertake graduate level studies. The scholarship covering full tuition and boarding.

Support for the Construction of Zuarungu Community Library, Bolgatanga.

Support for the Construction of Applications Science Lab for University of Energy and Natural Resources (UENR).

Support for the Ministry of Youth and Sports for sports development.

Support for Ghana Athletics by sponsoring Ghana's fastest man competition.

Donation to Rebecca Foundation for the construction of the Maternal Block in Kumasi.

Construction of Two Storey office complex for Western Region House of Chiefs.

Support to 2017 Millennium Marathon.

Sports equipment for Koforidua SHTS.

41. EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date that would require a disclosure or adjustment to these financial statements.

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